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Sadat killing jeopardises peace

BY ANTHONY McDERMOTT

PRESIDENT ANWAR SADAT of Egypt died yesterday from wounds received when soldiers at a military parade in Cairo opened fire on his presidential box.

His death was announced last night by his vice-president and probable successor, Mr Husni Mubarak, who pledged that the Government would continue with the late President's policies. The most controversial of these were his efforts to establish peace with Israel.

These policies are gravely threatened by the death of the Arab leader who championed them.

Mr Mubarak said that under the terms of the constitution for the next 60 days Dr Sufi Abu Taleb, the speaker of the People's Assembly, would retain that post and be acting President.

Mr Mubarak will continue as vice-President, with special control over the armed forces.

The Cabinet met yesterday afternoon to discuss the situation under the chairmanship of Dr Abu Taleb. A state of emergency was declared.

The position of long-term successor to Mr Sadat has to be settled within the next 60 days. The ruling National Democratic Party is likely to put forward Mr Mubarak, Vice-President since April 1975, as the candidate best placed for a smooth changeover. Mr Sadat groomed him as his successor.

Ironically, the attack took place during the military parade to celebrate the eighth anniversary of Sadat's triumphant crossing of the Suez Canal during the 1973 war with Israel.

Suddenly soldiers from the artillery corps leapt out of a lorry towing an artillery piece, throwing grenades and firing machine-guns on the run at the presidential dais. In the fighting afterwards, one major and two soldiers were killed. One lieutenant and two soldiers were arrested.

● In Beirut an anonymous telephone caller identifying himself as the spokesman for the "Rejection Front for the Liberation of Arab Egypt" told a Beirut newspaper its members had staged the attack on Sadat.

The caller described the "Rejection Front as the military arm of a group formed by former Egyptian army chief of staff, Lt. Magen Saadeddin Shazli known as the Egyptian "National Front."

Just before one o'clock, the moment the first grenade went off, about 10 yards from the raised walled dais on which President Sadat was watching the military parade most eyes were on five Mirage jets streaming coloured smoke as part of their aerobatics.

Then came a second percussive crack and the rattle of shooting, screams, and the blurred rushing of people trying to get away from the scene. In the resulting pandemonium, men, women and a few children brought for the display rushed and crawled towards exists or tried to cower behind smashed chairs.

The procession had been going for two hours at the military parade ground at Medinat Nase, north of Cairo. A steady stream of armour, jeeps, the famed camel corps and jogging commandoes had all been applauded. Six paratroopers had jumped from a helicopter to a landing spot in front of Mr Sadat's dais.

Next in the procession came lorries, each carrying eight men, and towing an artillery piece. Suddenly when opposite the dais, where the President was sitting beside Vice-President Husni Mubarak, Lt Gen Abdel-Halim Abu Ghazala, Defence Minister, and other senior military and political figures, four young soldiers jumped out, wearing the blue berets of the artillery corps.

Two grenades were thrown and they advanced firing on the run towards the dais. Four others in the lorry, standing in the back, gave cover to their comrades.

Amidst the furore Mr Sadat's personal guards, who had been uncommonly close to him throughout the parade, whisked him out to a helicopter.

Mr Mubarak's bodyguard rushed him away in a semi-armoured vehicle. General Abu Ghazala, stiffly refusing attention for a head wound, calmly directed operations. Incongruously, in the midst of all this, Mr Selim Rizqallah, a simultaneous English translator, moved calmly around talking to people in the chaos of the President's box.

By now, individual groups of soldiers and security men were fighting each other. The attackers appeared to be arrested.

The incident appeared to be an isolated one and not backed by others on the parade. Presi-

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The vacuum left by Sadat, and Editorial comment, Page 18; Sorrow and concern in Israel, Page 4

REGINALD DALE LOOKS AT THE IMPLICATIONS FOR U.S. POLICIES

Reagan loses his most important foreign ally

PRESIDENT RONALD REAGAN has lost his most important foreign ally.

The death of President Anwar Sadat is the biggest imaginable blow that could befall U.S. policy in the Middle East, with the Camp David peace process and the Reagan Administration's bid to build an anti-Soviet "strategic consensus" in the region.

Even before the news of Mr Sadat's death was confirmed yesterday, prominent Americans ranging from former President Jimmy Carter to leading members of Congress had warned that the whole peace process could come unstuck if anything happened to him.

Mr Sadat's pro-American attitudes were also used by the Reagan Administration as a basis for closer military and strategic collaboration in which Egypt was intended to become a major staging post for U.S. troops in an emergency, especially, in the event of a threat to the Gulf oilfields.

There are no plans to station U.S. troops permanently in Egypt, but the U.S. wanted, and Mr Sadat offered, the use of military "facilities" if necessary.

The chief question being asked in Washington yesterday was whether a successor to Mr Sadat could stick to the same pro-American policies against the shock waves that will be generated by the assassination.

Washington is likely to regard it as even more vital that the Israeli-Egyptian negotiations on Palestinian autonomy go ahead and succeed by April, the date at which the Reagan Government has said it is aiming.

If the peace process is to survive the loss of its architect, momentum must not be allowed to dissipate.

Any new Egyptian leader has an enormous incentive to carry on with the peace process, if only to secure the return from Israel of the last tract of Sinai next spring.

Mr Sadat's policy had been to give Israel no excuse for breaking that part of the Camp David agreement. One fear in Washington is that turbulence in Egypt in the wake of Mr Sadat's death might provide Israel with just such an excuse.

Were the peace process to collapse, and a more neutral or anti-American regime to come to power in Cairo, Mr Reagan would be left with his bid for a strategic Middle East consensus resting uncomfortably on just one foot in Israel.

If Libya is found to have had a hand in the assassination, as Dr Henry Kissinger suggested yesterday, the U.S. obsession with Col Gadaffi will become even further pronounced. It will only serve to confirm the U.S. view that Soviet-backed international terrorism is the most serious threat to the Middle East.

The opposition to Mr Reagan's plan to sell an $8.5bn (£4.6bn) aircraft package to Saudi Arabia will become even more shrill.

Within hours of yesterday's news there was a move in the Senate to urge Mr Reagan to withdraw his proposal, under which the Saudis would acquire five sophisticated Awacs early warning radar aircraft, at least to allow time for further consideration.

Mideast momentum must not be lost

The plan's opponents have been given the ideal argument to confront Mr Reagan. Mr Sadat's death will be used to demonstrate the instability of the Middle East and the vulnerability of moderate Arab leaders.

It will be powerful ammunition for those who have already said that a similar upheaval in Saudi Arabia could lead to the Awacs falling into the wrong hands.

Defeat on the Awacs would be a severe blow for Mr Reagan, who has made the issue a test case of his credibility as a foreign policy strategist. It would seriously disturb U.S. relations with Saudi Arabia, seen as the third major link in the strategic consensus alongside Egypt and Israel.

Supporters of the deal will doubtless say that the vulnerability of moderate Arab leaders makes it all the more necessary for them to have the military equipment they ask for.

At least one Senator, Mr Orrin Hatch of Utah, yesterday dropped his decision to vote against the Awacs, on the grounds that the President needed support in a time of crisis.

Mr Reagan must hope that others will see things in the same light. But even if they do it will not alter the fact that yesterday's news is about as bad as it comes. In an emotional broadcast on television yesterday, Mr Reagan described Mr Sadat as "a man of hope in a world full of hatred, who was admired and loved by the people of America."

Yesterday's description of Mr Reagan as "very upset" bears no trace of exaggeration.

NEWS SUMMARY

GENERAL

Ulster prison reforms

Northern Ireland Secretary James Prior unveiled a package of prison reforms in response to the ending of the IRA hunger strikes.

Prisoners will be allowed to wear their own clothes and half the remission lost by protesters can be restored. Back Page

Williams ready

Mrs Shirley Williams said she was ready to fight the safe Conservative seat of Crosby for the Social Democrats. Back Page

Radicals win

Radicals swept to positions of power in the national leadership of Poland's Solidarity trade union, weakening Lech Walesa's authority. Back Page

Airliner crash

A Dutch airliner on a domestic flight crashed in a thunderstorm south of Rotterdam, killing 13 passengers and four crew.

Birching quashed

The Isle of Man Appeal Court quashed a sentence of four strokes of the birch imposed on a 16-year-old youth in Douglas in July.

Leading lady

Peers returning from the summer holidays welcomed the first woman to take over as Leader of the Lords—Baroness Young.

Stateless

An Opposition attempt to give full citizenship to babies born in Britain if they might otherwise be stateless failed in the Lords, which is considering the Nationality Bill.

London bridge

Plans for a bridge across the Thames between the Dartford and Blackwall tunnels will be published on Monday. Page 8

Cleaned out

A Johannesburg thief took $21.4m in negotiable securities from a motorcycle locker when a messenger called at a dry cleaning shop on his way to a bank.

Briefly . . .

Three Yugoslavs died after eating poisonous mushrooms, making 17 victims in a month.

Romanian boxing team coach Karol Menczel sought asylum in Austria.

Remembrance Sunday will be observed on November 8.

BUSINESS

Equities off 15.4; gilts up

● EQUITIES were nervous, with the FT 30-share index down 15.4 at 475.0. Page 32

● GILTS were steady, with the Government Securities index up 0.02 at 60.95. Page 32

● DOLLAR rose sharply, closing at DM 2.255 (DM 2.2255), FFr 5.635 (FFr 5.58), SwFr 1.905 (SwFr 1.886) and Y230.4 (Y227.5). Its trade-weighted index was 108.3 (107.6). Page 26

● STERLING fell 60 points to $1.849, but rose to DM 4.17 (DM 4.13) and FFr 10.405 (FFr 10.345). Its trade-weighted index was 88.2 (88.1). Page 26

● GOLD rose $7.25 in London to $450. In New York the Comex October close was $451.7. Page 28

● WALL STREET was 1.43 higher at 861.30 near the close. Page 30

● STERLING M3, the widely defined money supply, rose by a provisional 2 per cent in September, against 1.1 per cent in August. Back Page and Lex

● EXCHANGE CONTROLS will not be reimposed by Britain, said Trade Minister Peter Rees. Page 7

● U.S. plans to rescue its savings and loan industry by allowing it to offer services similar to those of commercial banks. Page 3

● LUKENS, the U.S. steel plate maker, filed an anti-dumping complaint with the U.S. Government against the Japan Steel Works. Page 6

● OIL PRODUCTION licences for five areas in the Midlands and Hampshire were awarded by Energy Secretary Nigel Lawson. Page 9

● NATIONAL COAL BOARD is ready to offer miners a pay rise worth between 6 and 8 per cent on basic rates. Back Page; Feature, Page 24

COMPANIES

● PARIBAS, the French banking and industrial group soon to be nationalised, raised first-half profits 18 per cent to FFr 706.6m (£67.9m). Page 28; Lex, Back Page

● BEJAM GROUP, the food and freezer retailer, lifted pre-tax profits to £9.32m for the 53 weeks to July 5, against £8.27m. Page 20; Lex, Back Page

● SEARS HOLDINGS, the footwear retailer and manufacturer, raised pre-tax profits from £34.84m to £35.98m in the six months to July 31. Page 20; Lex, Back Page

Confused reaction on world markets

FINANCIAL TIMES REPORTER

NEWS OF the shooting in Egypt caused confusion in financial markets yesterday with investors moving funds into dollars, gold and energy stocks.

On Wall Street, investors moved to buy gold and the stocks of companies which own energy reserves in North America.

Gold, always a haven at times of international trouble, rose by $24 an ounce to $469 as early reports of the assassination filtered through.

Prices later fell back to $456. Traders said that investors were nervously awaiting the news on the Egyptian succession.

Dollars were also in demand. As in the gold market, an early buying surge was not maintained when news of the Egyptian President's death became official. The dollar touched DM 2.29 in early New York trading, but towards the close was trading at around DM 2.25, against a low for the day of DM 2.21.

In the stock market, the Dow Jones Industrial average fell a couple of points when first reports came through. But as investors scrambled to buy into U.S. domestic oil companies, which have been out of favour lately, the blue chip indicator was driven higher.

There was also strong, positive stock market reaction to news of a $2.5bn take-over bid by the Kuwait National Oil Company for Santa Fe International, a U.S. drilling and contracting company.

In Europe the dollar had been weakening against most currencies on the back of falling Eurodollar interest rates. However, news of the shooting was immediately followed by a sharp jump in the value of the dollar against all currencies.

After touching DM 2.21 at one stage, the dollar rose to DM 2.29¼ before closing at DM 2.25½. Against the Swiss franc, the dollar closed at SwFr 1.9050 against SwFr 1.8860. The close on the French franc was FFr 5.63½ compared with FFr 5.58 on Monday.

The pound lost some of its earlier gains against the dollar but ended the day slightly firmer with its trade weighted index (as measured by the Bank of England) rising by 0.1 to 88.2. Against the dollar, the pound fluctuated between $1.8350 and $1.8675 before closing at $1.8490.

The dollar's trade weighted index, as measured by the Bank of England, rose from 107.6 to 108.3.

Gold, which had touched $434 per ounce yesterday morning also jumped sharply higher and closed at $450, giving a net gain of $7¼ on the day.

On the London stock market share prices fell rapidly in fairly quiet trading, with the FT Industrial Share Index losing all of the previous day's gain and closing 15.4 points lower at 475. Most of the fall occurred before the news of the assassination.

Salute before the attack

PRESIDENT ANWAR SADAT of Egypt salutes army units minutes before he was shot by a group of soldiers who broke from a parade and attacked his reviewing stand with hand grenades and assault rifles.

The President was attending the annual October Sixth parade to mark the anniversary of his greatest military triumph—the day eight years ago when Egyptian troops launched a successful surprise attack across the Suez Canal into the Israeli occupied Sinai Peninsula.

Thatcher dismisses Heath's call for change in economic policy

BY DAVID TONGE AND MARGARET VAN HATTEM

MRS MARGARET THATCHER, the Prime Minister, yesterday angrily dismissed calls by Mr Edward Heath, the former Conservative Prime Minister for a change of economic policy and a return to the consensus politics of his past government.

Speaking in Melbourne where she is attending a Commonwealth summit, Mrs Thatcher denounced consensus as "the process of abandoning all belief, principles, values and policies in search of the common denominator."

Pointedly challenging the Prime Minister's repeated claim that there is no alternative to her economic strategy, Mr Heath insisted not only that there was an alternative, but that the Conservative Party must pursue it.

Mr Heath's challenge, seen by many as an open call to a Conservative mutiny, was delivered in a speech to Conservative students in Manchester: It was the first of a series timed to rally opposition to the present economic strategy at next week's Conservative party conference in Blackpool.

In his speech, Mr Heath said: "Progress can only be brought about if a considerable degree of consensus exists within our country."

Referring to the deep opposition within the party Mr Heath said: "The time has come to speak out. Many of us have remained almost silent for a long time, perhaps for far too long, in order that the dire consequences of the present dogmatic policies could be more widely recognised.

"We were hoping that they would bring about a more pragmatic approach to economic affairs . . . recent events have shown that this is not to be."

The rise in interest rates, unemployment, and bankruptcies and the prospect of more to come indicated that the situation was getting worse and that the policy was becoming more dogmatic. The recent Cabinet re-shuffle "only confirms politically what is economically obvious. A fresh assessment can no longer be delayed."

After a scathing critique of the impact of the Government's policies on the British economy Mr Heath outlined his own alternative strategy. This, in contrast to Labour's strategy, is based on closer integration with

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£ in New York

	Oct. 6	Previous
Spot	$1.8585-8605	$1.8250-8270
1 month	0.05-0.05pm	0.05-0.12pm
3 months	0.15-0.25pm	0.45-0.55pm
12 months	0.70-0.90pm	2.10-2.30pm

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			Blue Circle	438	− 12
Amstrad	178	+ 13	Bowater	205	− 9
Aquascutum A	26	+ 4	British Aerospace	182	− 9
Asprey	£40	+ 3	British Home Stores	119	− 6
Brown Shipley	215	+ 30	Commercial Union	138	− 9
Hallite	204	+ 9	Dunlop	56	− 4
Halstead	47	+ 4	GEC	677	− 21
Kellock	29	+ 3	Glaxo	378	− 14
Mercury Secs.	223	+ 6	Hambro Life	365	− 10
Silentnight	87	+ 10	Hawker Siddeley	278	− 8
BP	298	+ 8	ICI	250	− 16
Burmah Oil	108	+ 7	Land Securities	283	− 7
Shell Transport	352	+ 12	Plessey	300	− 10
Ultramar	445	+ 17	Racal Elec.	400	− 10
President Brand	£24¾	+ 1¼	Royal Insurance	358	− 12
Randfontein Ests.	£31¾	+ 2	Tate and Lyle	160	− 6
Vaal Reefs	£38¾	+ 1½	Tube Invests.	106	− 8
			Unilever	560	− 15
FALLS			Bougainville	80	− 6
BAT Inds.	351	− 14	CRA	210	− 10
Beecham	186	− 10	Western Mining	253	− 9

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Mitterrand and Schmidt hope to strengthen ties

BY DAVID HOUSEGO IN PARIS

PRESIDENT François Mitterrand of France and Chancellor Helmut Schmidt of West Germany meet today for informal talks in the confidence that bilateral relations have been strengthened by Sunday's agreement on a realignment of currencies within the European Monetary System.

The French appreciate West Germany's concession of over a 5 per cent revaluation of the D-Mark which enabled them to limit their devaluation to 3.5 per cent, thus minimising the additional inflationary boost. The West German's are relieved that the French have abandoned the threats which surfaced over the weekend of unilateral import restrictions and which would have been damaging to Germany and the European Community.

M Mitterrand: responding to German concession

The French believe that they can respond to West Germany's gesture over currency realignment by demonstrating French support for Chancellor Schmidt in his policy of combining missile deployment in Europe and arms negotiations with the Soviet Union, which has caused him acute difficulties within his own party.

The meeting, which both sides consider "very important," comes within the context of the regular informal discussions between the two Heads of Government. It is being held at the rural home of M Mitterrand in wooded countryside south of Bordeaux. The relaxed setting emphasises one of the main purposes of the meeting — the chance for the two leaders to get to know each other better and to try to reconcile their differing philosophies.

M Mitterrand, fresh to power, has espoused an expansionist and interventionist economic policy which embraces ambitious ideas for new initiatives in Europe and the North-South dialogue. Herr Schmidt has just completed a budget trimming exercise at home. His once visionary outlook on Europe and East-West relations has been replaced by more sceptical, pragmatic views.

It is against this background that the two leaders will focus on the main themes of the meeting: an explanation of their respective budget policies, European budgetary and agricultural problems which the French are keen to put in the perspective of their proposals for closer European co-operation, security arrangements in Europe and the possibility of closer collaboration, Europe's current difficulties with the Reagan Administration and East-West relations.

The French would like to see Sunday's compromise with the EMS extended to other measures but believe the pace will be slow. They see possibilities for a co-ordinated edging down of interest rates in Europe. They would like international borrowings in Ecu (European currency units) to be increased for agreed Community investment projects. As the French see it, there is also room for more widely using the Ecu as an accounting unit in European trade in place of the dollar.

The two leaders are expected to take up German proposals for closer co-operation between EEC members on foreign and security issues — the "Genscher initiative" — that would bring foreign policy co-ordination within the Community

On Europe the French argue that decisions over the restructuring of the budget and agricultural policy have diminished in urgency because of the improvement this year in the Community's budget position. French proposals for increased Franco-German or European investment in new industrial projects or research are likely to run into German budgetary restraints.

The French will be anxious to convince the Germans that their domestic economic policy will not produce higher rates of inflation leading to new tensions within the EMS.

Frankfurt police clear 'tent city'

FRANKFURT—At least 1,000 police went into action yesterday to clear several thousand demonstrators from a tent city near Frankfurt Airport. The 'city' was erected to block the construction of a third runway.

A spokesman for the demonstrators said the 'city' had been erected since May last year to protest against the destruction of 400,000 trees and damage to the environment.

onstruction of the new runway was approved following a court battle that lasted more than a year.

Police refused to give any details of their action yesterday but witnesses said they drove water cannon to the scene and blocked traffic from near-by roads in preparation for the manoeuvre.

About 3,000 demonstrators gathered in the area, where opponents to the runway have built about 60 wooden huts and towers and a chapel as well as erecting tents.

Spain opens its Nato membership debate

By Robert Graham in Madrid

PARLIAMENTARY discussion of Spain's application to join the North Atlantic Treaty Organisation began in Madrid yesterday with the Government confident that such a move would be approved by the legislature.

The Government is assured of a simple majority and Sr Leopold Calvo Sotelo, the Prime Minister, has brushed aside opposition demands for a referendum.

He is hoping that Parliament will be able to tackle all the various procedural hurdles by the end of the month or early November. This would give Spain time to present its formal proposal for membership to the alliance before Christmas.

At the same time the Government is hoping to use Spanish membership of Nato as a lever to achieve an early breakthrough over the future status of Gibraltar.

The first stage yesterday was the opening of discussions in the foreign affairs commission of the Lower House on the Government's petition to Parliament for approval to join the alliance. A total of 34 amendments had been tabled, 16 by the Socialists.

Although the Socialists have joined the Communists in calling for a referendum, their hostility to Nato membership has begun to wane. They have waged an unconvincing campaign against the alliance without offering any alternative. The most recent demonstrations have tended to be sponsored more by left-wing fringe groups.

The Government remains convinced that Spain's natural place is within a multilateral alliance that supports the basic tenets of Spain's foreign policy.

Sr Jose Pedro Perez Llorca, the Foreign Minister, told the parliamentary commission that Nato membership did not necessarily imply an obligation to keep nuclear weapons on Spanish soil.

Sweden expects 5% growth in output

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SWEDEN'S INDUSTRIAL output should grow by about 5 per cent next year as a result of last month's devaluation and accompanying economic action by the Government, Mr Rolf Wirten, the Economy and Budget Minister, said yesterday.

This would reverse the current downward trend, Mr Wirten said. Exports should increase by 8 per cent in 1982 and Sweden would start to win back market shares.

He presented a parliamentary Bill incorporating the economic measures which the minority Centre-Liberal Government undertook to implement on September 14, when the krona was devalued by 10 per cent. The coalition, which commands only 102 of the Riksdag's (Parliament) 349 members, may have trouble in getting the Bill approved.

Both the big opposition parties, the Social Democrats and Moderates (Conservatives), oppose the 3.46 percentage point reduction in value-added tax to 20 per cent. But Mr Wirten said yesterday he expected the Bill to be passed.

The VAT reduction—an unconventional move when linked with a devaluation—is intended to hold down prices and to prevent the consumer price index breaking the threshold, which would trigger off new wage increases this year.

Mr Gunnar Nilsson, chairman of the trade union federation, has said he expects the threshold to be reached this month.

The Budget Ministry forecasts only small improvements in the current account balance as a result of the devaluation and new economic measures. The 1980 deficit of SKr 22bn (£2.18bn) should fall to SKr 19bn this year but rise again to SKr 20bn in 1982, it said.

The devaluation will increase the foreign debt, calculated in Swedish kronor, by 11 per cent or some SKr 5bn. Interest payments on the debt will be some SKr 1bn higher in 1982.

The most positive effect of the devaluation would be the improvement in the competitiveness of Swedish industry, which should produce the 5 per cent increase in output next year, Mr Wirten said.

However, in spite of the Government plan to chop SKr 12bn off public spending in the next budget, he acknowledged that the deficit on the budget would continue to increase. The current budget deficit is already over 14 per cent of gross national product.

Denmark puts priority on jobs

BY OUR FOREIGN STAFF

DENMARK'S Prime Minister, Mr Anker Joergensen, yesterday set his Government the goal of creating 50,000 new jobs a year between now and 1985. "First and foremost," he told Parliament, "we must create more jobs."

He would rely on three, small so-called "compromise parties"—the Centre Democrats, the Social Liberals and the Christian Party—to help push his plans through.

Oeping a new session of the 10-party Folketing (Parliament), Mr Joergensen avoided mentioning a recent clash among the compromise members over a Government scheme to invest private pension fund capital in job creation in private industry. The row almost forced him to call early elections.

He said his Government would "use all intiatives that will pull in the direction" of creating employment. They included: increasing the private sector's ability to invest by making capital available under "reasonable conditions," easing taxation on business profits reinvested for expansion, and saving or increasing jobs related to the crisis-ridden farm sector by easing the burden of mortgage debts.

The Government would also pursue an energy policy that would give Danish companies increased possibilities to create jobs. This would mean support for alternative energy projects and effective use of Denmark's North Sea oil and gas resources.

It was hoped to revive Denmark's depressed building sector, chiefly by a new type of low-interest mortgage loan with the outstanding debts indexed to inflation.

Mr Joergensen said unemployment in the West as a whole was aggravated by what he called "nationalist, short-sighted" monetarist policies that relied on high interest rates.

On foreign policy, he told the 179 MPs that it was his Government's goal to be among the first industrialised nations in the world to devote 1 per cent of its gross national product to aid to developing countries.

Norwegian payments surplus of £902m

BY FAY GJESTER IN OSLO

STEEPLY RISING earnings from oil and gas exports helped push Norway's balance of payments surplus on current account to NKr 9.7bn (£902m) in the first seven months of 1981, compared with only NKr 2bn in January to July last year.

The surplus, together with an International Monetary Fund Special Drawing Rights allocation of NKr 206m, covered a net capital outflow in the period totalling NKr 9.9bn.

Exports of goods were worth NKr 59.9bn, up 13.3 per cent from a year earlier. Oil and gas sales accounted for NKr 27.5bn — nearly 20 per cent up. Imports of goods were almost unchanged at NKr 48.9bn (NKr 48.7bn).

In the seven months, Norway exported services worth NKr 28.9bn—17 per cent up from 1980—imported services were NKr 22.7bn—15 per cent up.

In its latest economic survey, the Bank of Norway gives a warning against complacency in the face of improving payments figures. It says Norway has little room for manoeuvre in formulating its economic policies.

Although balance of payments considerations do not currently seem to inhibit policy making, "only relatively small changes" in the volume and value of oil and gas sales, or of traditional exports, would be enough to convert present surpluses into deficits, the bank says.

Vibrant Lisbon belies true picture

By Diana Smith in Lisbon

FROM THE vibrant, congested streets of Lisbon to the hectic car showrooms, it is hard to believe the Portugese economy is in trouble, with a balance of payments deficit of $1.7bn threatened sluggish economic growth and agricultural output seriously impaired by droughts and inefficiency.

The nation's car dealers cannot get models fast enough to supply voracious demand. Despite deliberately tough credit conditions, sales are up by between 11 and 25 per cent depending on the model.

Day and night, the narrow, cobbled streets of Lisbon echo with the sound of hundreds of thousands of vehicles, even though petrol is the most expensive in Europe.

The small, plain taverns that specialise in shellfish do a roaring sea food trade seven days and nights a week—even though a lobster costs about Esc 2,000 (£16) and prawns Esc 1,000 a kilo. Customers are not the smart set but the middle classes.

Modestly-dressed women walk into antique shops and pay cash without a twitch of an eyebrow for an Esc 120,000 (£1,000) pair of imitation Chinese lamps. Supermarkets offer Twining's Earl Grey tea, caviar or Danish Blue cheese at hideous prices—and sell them.

All this belies the fact that wages are the lowest in Europe, with the monthly national minimum wage just Esc 9,000, about £75.

Consumption seems to grow more frenetic by the day. People are ignoring Government warnings that hard times are ahead.

Repeated promises to get Portugal moving have not been fulfilled and seem to lie at the heart of the public's apathy towards politicians.

The public is as apathetic towards opposition parties as to appeals for less consumption and more austerity from the ruling alliance. Even the ebullient Sr Mario Soares, the Socialist leader, cannot raise much interest nowadays.

Only one political figure, Gen Antonio Ramalho Eanes, the President of the Republic, has gained more support and stature over the years. This is precisely what the politicians did not want. Depending on the angle from which he is viewed Gen Eanes has been variously accused by politicians of being right-wing, left-wing, a communist sympathiser, a socialist, a secret promoter of a centrist bloc or an aspiirng military dictator.

The second coalition cabinet of Sr Francisco Balsemao has promised to devote greater attention to governing, and to stop past efforts to attack the President.

If it can be seen to govern rather than to make politics, the public may be persuaded to listen to the economic warnings of Sr Salgueiro and others. If not, it looks as if Portugal may do itself a deal of damage on a surfeit of shellfish.

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A storm in Berlin over Brecht

By Leslie Colitt in Berlin

A RARE outbreak of dissent has appeared in the monolithic East German Press but not surprisingly it turns out to be officially inspired and unanimous.

East Germany's Government news agency, ADN, reported yesterday that East Berlin newspapers, led by the main Communist paper, Neues Deutscheland, had lashed into a new production of Threepenny Opera by Bertolt Brecht and Kurt Weill.

It was put on by the capital's most famous theatre company, the Berliner Ensemble, founded by the late Herr Brecht in the same Theater am Schiffbauerdamm where the Dreigroschenoper had its premier in 1928.

"Did the shark lose its teeth?" wondered the Communist trade union newspaper which complained about the play's lack of "socially accurate detail."

The theatre critic of Neues Deutscheland noted that the new production did not have the "hard contours" of earlier ones. "It's agreeable instead of being provocative," he said. "A sympathetic reminiscence instead of a hard-hitting comedy." Such criticism is not uttered lightly in East Germany where the theatre is supposed to be moulding new "socialist personalities."

The role of Macheath or Mack the Knife, is badly played, the

Brecht: "theatre departs from his path"

Neues Deutschland critic said, by Herr Ekkehard Schall one of the leading actors of the Berliner Ensemble who is Brecht's son-in-law. Another critic from the Communist youth newspaper said that Herr Schall displayed "No humour whatsoever" — and continually fluffed his lines.

A Brecht disciple, Herr Manfred Wekwerth, who co-directs the production along with a "collective" of six other directors, is likewise attacked for showing little imagination and none of Brecht's "passion."

East Berlin intellectuals suggest that the orchestrated criticism marks nothing less than an attempt to force the Berliner Ensemble back on the true Brechtian path.

Two years ago the Brecht Theater presented a play about the dethroning of a despotic Chinese emperor 2,000 years ago and the gradual creation of a new despotism by his successors. East Berliners who flocked to the play saw several parallels to their own situation.

Move to rescue savings and loan industry

BY PAUL BETTS IN NEW YORK

THE Reagan Administration is proposing to rescue the troubled U.S. savings and loan industry by allowing S and Ls to offer a broad range of new services similar to commercial banks.

But the new proposals are bound to face strong opposition from the banking industry, which views the salvage package as encroaching directly on the province of the commercial banks, which are themselves coming under pressure from financial services companies.

These companies, like American Express and Merrill Lynch, have been offering a number of services similar to those offered by commercial banks.

The new proposals by the Reagan Administration to rescue the S and Ls were unveiled by Mr Richard Pratt, chairman of the Federal Home Loan Bank Board—the agency which regulates the savings and loan industry.

He described the proposed legislation as "significant and far-reaching." But he acknowledged he did not expect the legislation to sail smoothly through Congress.

"This is a major sweeping restructuring. It will generate substantial discussion," he said.

The proposed legislation will give the ailing S and Ls most of the powers which U.S. commercial banks have had for years.

If the legislation goes through unchanged, which at this stage looks highly unlikely, S and Ls will for the first time be allowed to offer corporate checking accounts and secured and unsecured commercial loans, including loans for non-residential housing.

They will also be allowed to lease equipment and would be given broader powers in consumer lending, real estate development, and mortgages.

The measures are designed to restore to S and Ls a competitive edge to help them pull out of their current financial troubles.

Many S and Ls have been on the brink of financial collapse as a result of their low-yielding mortgage portfolios and the outflow of deposits, as investors have been attracted to higher yielding instruments.

Import fall confirms slump in car sales

By Ian Hargreaves in New York

IMPORTERS of cars into the U.S. suffered a loss of market share in September as import controls agreed earlier this year between the U.S. and Japanese Governments started to make an impact upon the stock levels of Japanese cars in the U.S.

Importers took 24.6 per cent of the market in September, down from 27.6 per cent in August and a share for the first eight months of the year in aggregate of 27.5 per cent.

Toyota, the leading importer, saw its sales fall to 32,416—a 14 per cent drop from September 1980.

"Import restrictions combined with the end of the 1981 model year have dropped our inventory levels to near record lows and slowed sales," said Mr Norman Lean, general operations manager for Toyota in the U.S.

"The fact that there has been no corresponding increase in domestic car sales to match the drop in import car sales is farther evidence that imports are not the cause of the domestic problems and that restricting imports will not help the domestic companies," he said.

For the domestic industry, September was a fittingly gloomy end to the model year.

Although sales for the month were 6.7 per cent higher than September 1980, the industry's annual selling rate was still at slump levels.

For the model year, which ended on September 30, the entire industry, including importers, sold about 9m cars and 2.5m trucks—figures roughly equivalent to sales in calendar year 1980, which was itself the worst year in the industry for 19 years.

Canada to suspend 154 air controllers

THE CANADIAN Government will suspend 154 air traffic controllers for refusing to handle planes from the U.S. last August, according to Mr Dave Austin, an official of the Federal Department of Transport. Victor Mackie reports from Ottawa.

Most of the controllers will be off work without pay for between one and three days, as they can be spared, Mr Austin said.

House approves extension to Voting Rights Act

BY DAVID BUCHAN IN WASHINGTON

THE HOUSE of Representatives has approved, by a surprisingly lopsided 389—24 vote margin, to extend the 1965 Voting Rights Act which essentially gives the federal government the power to stop discrimination against minorities at the nation's polling booths.

The act's extension still faces an uncertain future in the more conservative Republican-controlled Senate, which is not due to hold hearings on the measure until next January.

The House vote gave Democrats and civil rights groups one of their very few legislative victories this year. It was engineered by a Democrat-moderate Republican coalition after President Reagan last week pronounced himself "wholeheartedly in favour in principle of the Voting Rights Acts."

The act requires that states or local governments with a track record of past discrimination against minority voting to secure pre-clearance from the Justice Department for any changes they want to make in their election rules.

At present, this covers political jurisdictions as scattered as Alaska and Hawaii, but it also includes virtually all southern states. Southern politicians have complained this is now an unwarranted stigma on their region.

For the first time, the act, as passed by the House, offers a let-out from the pre-clearance provision to those states and local governments that can show a consistent ten-year record of trying to improve minority voting participation.

The act was and is designed to prevent such examples of gerrymandering as a city council moving to "at large" elections to dilute the voting strength of a minority black population.

U.S. under fire in Melbourne

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

THE U.S. came in for criticism at the Commonwealth Conference yesterday as delegates prepared the final communiqué of the 41-nation summit meeting.

In addition to the almost ritual accusation by Mr Maurice Bishop, Prime Minister of the Caribbean island of Grenada, that the U.S. is attempting to destabilise his government, the U.S. was also implicitly blamed for blocking agreement on a Law of the Sea, which has been under negotiation at the UN.

The communiqué, which will be discussed by the Heads of State at the final day of the meeting today, sets the stage for this month's summit in Mexico of developed and developing countries. It urges them to re-affirm their commitment to global negotiations on development issues at the UN.

For the past few days, Grenadian officials have joined with those of the Seychelles in insisting that the communique to be discussed by leaders of one-quarter of the world's population should soften its criticism of the Soviet Union.

However, after long hours of discussion, officials agreed last night on a text which calls for "the withdrawal of foreign troops" from Afghanistan, and "strict observance of the principles of non-intervention and non-interference."

The 68-paragraph communique also insists that the people of Poland "should be left to determine their own destiny, free from foreign interference."

The draft reflects deep African suspicion of U.S. policies towards South Africa. In something of a rebuff to Britain, the communique falls short of endorsing the efforts of the Western contact group negotiating with the South Africans on the independence of Namibia.

Business signals approval of the 'revolutionary' who is likely to be Portillo's successor

Mexico's heir-apparent opens his campaign

BY WILLIAM CHISLETT IN MEXICO CITY

SR MIGUEL DE LA MADRID, the presidential candidate of the party that has ruled Mexico for 52 years, says that he is a "revolutionary." But Mexico's depressed stock market staged a dramatic rally the day he was nominated by the Institutional Revolutionary Party (PRI) at the end of last month.

The 42-stock price index, at its lowest level for three years, rose almost 40 points that day after months of steady decline.

Sr de la Madrid, the Planning Minister in the present Government of Sr Lopez Portillo, is certain to be the next president of Mexico because of the overwhelming power the party wields over Mexican politics.

The Mexican private sector is pleased, despite Sr de la Madrid's promise to narrow the gulf between rich and poor in the world's fourth greatest oil power.

The PRI controls the enormous system of patronage and can call out crowds in a matter of hours.

Already, Mexicans are being bombarded with information about Sr de la Madrid in newspapers and on television, although the elections are not until next July. They are always extravagant affairs.

Th party will certainly face competition from the left next year, since political reform allows the Comunists and other parties to contest the electiohns. But faced with the PRI's long experience of power, the left cannot be expected to muster much strength.

Although the elections outcome is a foregone conclusion, Sr de la Madrid will still spend the enxt nine months on the campaign trail. He will visit even the remotest of villages to harangue the humblest of Mexico's 20m peasants.

Mexican Presidents cannot stand for re-election after there six-year term. But the system perpetuates itself because the outgoing President all but appoints his successor. In this way, Mexico has enjoyed half a century of stable "one party democracy" under what is a flexible but highly centralised system. Sr de la Madrid will control the legislature, the bureaucracy and the judiciary.

Sr Miguel de la Madrid: likely to be Mexico's next President

If his revolutionary rhetoric is anything to go by, then Mexico will move down the road to socialism. But rhetoric is an essential but misleading part of the Mexican political system, as the stock market showed at the end of last month.

But Sr de la Madrid, who with his greying temples and fluent English seems like a suave international banker, is perceived to be in the same pro-business, technocratic mould as President Lopez Portillo.

Sr de la Madrid has also spent all his professional life in the bureaucracy. He has been assistant director of credit at the Finance Ministry and financial director of Pemex, the state oil monopoly. In both of these jobs he had much contact with the international banking community. He has subsequently been deputy Finance Minister and finally Planning and Budgeting Minister.

He thus has a firm grasp of the working of one the world's fastest growing economies, but one which is now dangerously overheated. Inflation is approaching 30 per cent, the peso is overvalued, the public sector deficit is far greater than the targeted $13bn and the public sector external debt is ballooning and expected to top $40bn this year.

Se de la Madrid was also the chief architect of the country's first global plan, which sets out the long-term strategy for using acumulated petrodollars to develop all sectors of the economy through sustained, high growth of around 8 per cent. Sr de la Madrid's nomination should mean that the enormous amount of planning done by this Government has not all been in vain. State activity accounts for half of Mexico's Gross Domestic Product of $165bn.

Sr de la Madrid leads an austere life. It is believed that he will try harder than Sr Lopez Portillo to rationalise subsidies, cut down on extravagance, clamp down on rampant corruption, increase taxes and promote Mexico's membership of the General Agreement on Tariffs and Trade (Gatt).

Washington's private reaction to his nomination has been enthusiastic. The U.S. attaches great importance to improving relations with its increasingly powerful neighbour.

But, Sr de la Madrid has already gone out of his way to stress that he will promote greater "national independence" from the U.S.

Bolivia devaluation possible as economic problems mount

BY OUR LA PAZ CORRESPONDENT

BOLIVIA appears to be preparing for a sharp devaluation of the peso from its current official rate of 25 pesos to the dollar.

Sr Marcelo Montero, a former President of the Central Bank, said last week that devaluation was one of the major demands of the International Monetary Fund for releasing the $220m two-year standby credit requested by La Paz.

At the end of July, the military government imposed foreign exchange controls and these have implied a virtual devaluation. But the exchange rate on the new black or "parallel" market in La Paz has risen in recent weeks to over 30 pesos to the dollar.

Representatives of the private mining sector, which accounts for 30-35 per cent of Bolivia's annual mineral exports of agricultural producers and of major manufacturing industries have all warned that production will soon grind to a halt unless the Government acts promptly.

"We shut down our cotton production activities last week because the Government could not guarantee credit financing," said an executive in one of the major agro-industrial firms in the Santa Cruz region on Friday. "We will have to shut down corn as well in a month if there are no credits."

He and other businessmen feel that measures recently taken by the Government to set right the crisis-ridden economy should have been taken at least a year ago.

While diplomatic relations with the U.S. are about to be normalised—links were severed when Gen. Garcia Meza, the former president, seized power last year—observers are doubtful the U.S. aid programme can be geared up fast enough to cope with what Sr Javier Alcoreza, the Finance Minister, has called the worst crisis in the nation's history.

The $200m IMF standby credit recently applied for is widely thought to be insufficient even to meet immediate needs. One senior financial adviser said late last week that $1bn was urgently needed.

The Government can at least take comfort from the improvement in relations with the U.S. which followed the bloodless overthrow of Gen. Garcia Meza by Gen. Celso Torrelio a month ago. Officials in La Paz said that the U.S. had already chosen a new ambassador. A special two-man mission from the U.S. that visited the Bolivian capital last week is understood to have travelled immediately to Buenos Aires, reportedly to convince the Argentine Government, firm backers of Gen. Garcia Meza, that they ought to back the new regime.

THE KILLING OF SADAT

Shock, sorrow and growing concern in Israel

BY DAVID LENNON IN TEL AVIV

ISRAEL WAS stunned, shocked and deeply worried by the news of the assassination of President Anwar Sadat of Egypt, the only Arab leader to have made peace with Israel.

The Prime Minister's office said that Mr Menahem Begin was "shocked" when he heard the news of the assassination attempt. But the Premier refrained from making a formal statement until confirmation was received that the President had died.

Mr Ariel Sharon, the Defence Minister, said: "We live in one of the least stable areas of the world which is rocked by shocks daily. Today we see what happened in Egypt and we are sorry about it."

Israelis in the streets yesterday afternoon were asking each other with disbelief: "Is it true Sadat is dead?" The radio stations broadcast constant newsreels updating reports on the day's events.

Public sorrow was almost as deep as if an Israeli leader had died, a tribute to the place the Egyptian leader won in the hearts of the Israelis by his dramatic peace initiative in 1977.

But the sorrow was also mixed with deep concern about the implications of the assassination for the peace treaty between the two countries. It was generally felt here that the peace policy rested on one man, Mr Anwar Sadat, and that his death threw into doubt its continuation.

Mr Moshe Dayan, the former Foreign Minister, said that the death of President Sadat will lead to "a very basic change because all the current policy leans on one man."

Israel is due to make its final withdrawal from the Sinai peninsula next April in accordance with the peace treaty signed in 1979. But yesterday Israeli Right-wing opponents of the peace agreement called on the Government to hold up the withdrawal plans.

Even a moderate like Mr Yitzhak Rabin, the former Prime Minister, said yesterday that the assassination "opens a new era and raises many question marks about the continuation of the peace process. It is hard to believe that without Sadat it is possible to continue with it within the framework devised by Camp David."

He also blamed the Reagan Administration for undermining President Sadat because of its lack of interest in pursuing the Camp David peace process.

Reactions among the Palestinians living in the occupied West Bank and Gaza Strip were mixed. Some publicly welcomed the death of the man they considered a traitor to the Arab cause. But others said that despite their disagreement with his policy they were terribly sorry to hear about the death of the Egyptian leader.

Israeli suspicions about the fragility of the peace agreement have never been totally allayed. Many people here feared that once Egypt had regained all of Sinai next year it would turn its back on Israel and attempt to rebuild Egypt's ties with the Arab world.

When President Sadat clamped down on his domestic opponents last month Israeli fears grew about the stability of his regime and the consequences of his possible disappearance from the Egyptian leadership.

This concern was expressed by the Chief of Staff, Gen Rafael Eitan, who warned last month that "there must be no illusions"

The Fond Farewell: Carter and Sadat after Cairo talks

Camp David treaty plan

THE PEACE agreement between Israel and Egypt which is based on the accords reached at the Camp David summit in September, 1978, was signed in March, 1979, and ratified on April 25 the same year.

The basic principle of the agreement is that Israel withdraws from the Sinai peninsula, which it captured in the 1967 war, and that in exchange Egypt develops full peaceful relations with its former enemy.

The peace treaty provided for the Israeli withdrawal to be phased over three years from the date of the treaty ratification. Each stage of withdrawal was accompanied by Egyptian steps broadening the links between the two countries.

The first six stages of withdrawal took place between April, 1979, and January, 1980, at which time Egypt opened a border crossing point in Sinai for travellers between the two countries.

This left Egypt in control of two-thirds of Sinai while Israel retained control of the eastern third of the peninsula, a strip of desert stretching from El Arish on the Mediterranean to Sharm el Sheik at the southern tip of the Sinai.

This final section is due to be handed over on April 25 next year, exactly three years after the treaty was ratified.

The assassinated leader leaves Israel after his 1977 talks

Jubilation among the Palestinians

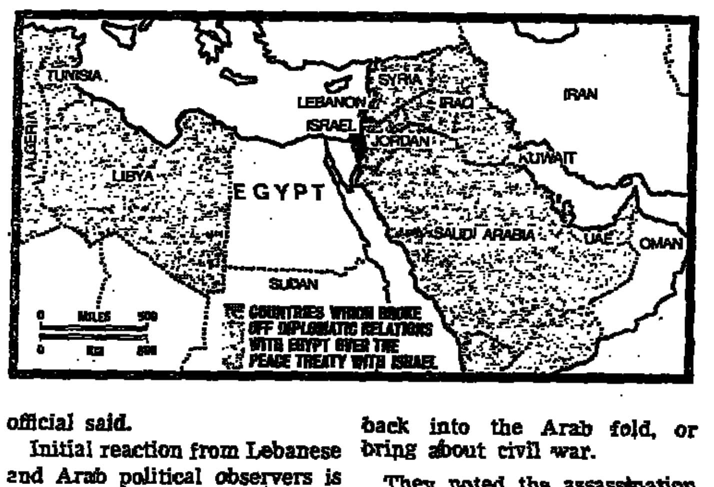
BY IHSAN HIJAZI IN BEIRUT

A SENSE of elation was obvious among Palestinians and their Left-wing and Moslem allies yesterday as they awaited confirmation of President Anwar Sadat's death.

Several Palestinian guerrillas and Left-wing militias fired their weapons in the air in jubilation at news of the attack on him—in sharp contrast to their firing in anger over the death 11 years ago of Mr Sadat's predecessor, the late President Gamel Abdel Nasser.

Arabs and Palestinians in Beirut said the assassination of the Egyptian President was part of a revolt by the Egyptian Armed Forces and predicted serious political and military repercussions in Egypt.

"It was only a matter of time before the Egyptian people and army rose in a revolution against Sadat," a Palestinian official said.



Initial reaction from Lebanese and Arab political observers is that Egypt is in the throes of a political upheaval which could lead to the rise of a new regime which will bring the country back into the Arab fold, or bring about civil war.

They noted the assassination coincided with rising tension between Egypt and the Sudan on the one hand and Libya on the other, with Syria openly siding with Col Muammer Gadaffi. While President Sadat said he would come to Sudan's help the minute it was attacked by Libya, Syrian President Hafez al-Assad in a speech a few days ago said that Syrian troops would fight alongside the Libyans if threatened by the Egyptians, the Sudanese or the Americans.

It is felt here that whoever sought to eliminate Mr Sadat struck a blow against the Camp David accords. A general sense of apprehension prevails, with the Palestinian guerrilla movement declaring a state of alert in anticipation of an Israeli attack against southern Lebanon

The turn of events in the entire Middle East is likely to be affected by how fast a new Egyptian regime would take control.

Signal in Moscow of better times ahead

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION yesterday made no early comment on the assassination of Mr Anwar Sadat, the Egyptian President, whom the Soviets blamed personally for their loss of influence in Egypt, once their foremost client state in the Middle East.

In a terse report earlier in the day, Tass, the Soviet news agency, said that Mr Sadat had been shot while reviewing a military parade and had been removed from the scene by helicopter.

The perfunctory tone of the report and absence of any indication of disapproval of the shooting reflected the fact that the Soviet Union, as much as any country in the world, stands to gain by Mr Sadat's death.

By attaching more importance to the threat of Soviet expansionism in the Middle East than to the Arab-Israeli conflict, Mr Sadat undid in 10 years much of what the Soviet Union had tried to achieve in the Middle East in the previous 20 years.

Egyptian-Soviet relations reached an all time low last month when Egypt ordered the immediate expulsion of Mr Vladimir Polyakov, the Soviet ambassador, six of his staff and two Soviet journalists, to be followed by a further cut in the embassy staff and the departure of 1,000 Soviet specialists.

The Soviet Union was not only stripped of its last strands of influence in Egypt but in danger of losing a vital listening post as well.

Moscow has no ties with Israel or Saudi Arabia and with Mr Sadat gone the Soviets are almost certain to begin to try to improve their ties with Egypt and to undermine the Camp David peace process. They may act with Arab states which reject the Egyptian-Israeli peace agreement.

'Eminence grise' to take over in Cairo

BY ALAN MACKIE

VICE-President Hosni Mubarak, the man who takes over the helm after the assassination of President Anwar Sadat, has something of a reputation as an eminence grise.

He rose to power in the aftermath of the October 1973 war, in which he distinguished himself as head of the Air Force. President Sadat appointed him Vice-President in May, 1975, with the intention of bringing "a new generation" into the top echelons of power.

It was put about then that he was being groomed as Mr Sadat's successor and although his fortunes have ebbed and flowed in the ensuing years, he has kept his position by a combination of unquestioned fidelity to his leader, acting where required as his hatchet man, developing an astute feel for court intrigues, and keeping his links with the armed forces well prized.

Mr Mubarak, 53, is likely to be considerably less flamboyant than President Sadat. In place of the three hour harangues that tended to be the latter's hallmark, especially at times of crisis, Egyptians will find their new leader—at least initially—limiting himself to short, sharp addresses.

Mr Hosni Mubarek

He is unlikely to have much time for the "wheeler dealer" types that had tended to catch President Sadat's ear over economic matters, but is likely to continue the open door policy to foreign investments, despite his training in the Soviet Union.

The most obvious casualty of this change will be the controversial businessman Osman Ahmad Osman, who enjoyed considerable power in the way the country was run by virtue of his special access to the former president.

One of Sadat's brightest proteges, Mr Mansou Hassan, who was pushed aside after the clampdown last month could also rise to prominent again.

Gambler with a sense of mission

BY RICHARD JOHNS, MIDDLE EAST EDITOR

IF President Anwar Sadat of Egypt had survived yesterday he would in all probability have seen escape from assassination as a vindication of himself and his policies. He was a gambler who took risks. His sense of mission was fortified by the way in which, over three decades, his boldness, even impetuousness, succeeded.

A man of faith and vision, he has also proved himself to be endowed with hard-headed realism. The Egyptian leader was well aware of the extent of opposition to his crackdown on Left-wing and fundamentalist Islamic elements last month.

Hostility at home and in the wider Arab community since the conclusion of the Camp David accords has tended only to reinforce his conviction of his own rightness and righteousness.

On the face of it there is an irony in the fact that the attempt on Mr Sadat's life occurred on the eighth anniversary of the outbreak of the October war with Israel. The combined Egyptian-Syrian assault of 1973, so cunningly plotted by him and launched against the military odds, changed the status quo in the Middle East and brought about the first meaningful, vigorous U.S. mediation in the Arab-Israeli conflict.

It restored Egyptian pride and consolidated Mr Sadat in power, three years after he had succeeded the colossus President Nasser in what seemed at the time to be a short-term compromise.

Exercise of the war option was arguably the only way to recover any part of the territory lost in the 1967 war. His breathtaking initiative in visiting Jerusalem in November 1977, which broke the deadlock in the peace negotiating process undertaken by Dr Henry Kissinger, was enthusiastically welcomed by the vast majority of his war-weary people.

The peace treaty concluded in the spring of 1979 has been a disappointment because the economic benefits implicitly promised did not materialise. Only a politically articulate minority was disaffected by Egypt's isolation from the Arab world and by the patent failure so far of the peace process to give even the prospect of a Middle East peace settlement satisfying Palestinian aspirations.

One aspect of Mr Sadat's sense of mission was that he tended to see himself as a personification of Egypt. His daring peace initiative gave him a stature of a kind that no leader in the Third World had ever enjoyed in the West.

To what extent he lost touch with the grass-roots reality of his country is a debatable question, but one that it is reasonable to ask. Much of his political strength, in his own opinion as well as that of observers, derived from his humble origins.

Mr Sadat was born in the Nile delta village of Mit Abul Kom on December 24, 1918, the son of a poor military hospital clerk and his Sudanese wife. He entered the Egyptian military academy where Nasser was nearly a year senior to him.

He became an ardent, if somewhat callow, nationalist who saw the British as the obstacle standing in the way of Egypt's independence, and was one of the group who tried to fly Gen Aziz al Masri, the former Egyptian Chief of Staff, to join the Germans.

Arrested by the British authorities in Cairo in 1942 and accused of spying for and collaborating with the Nazis, he escaped and remained underground until 1945 when martial law was abolished.

Mr Sadat has always been devout in his profession of Islam.

He claims, jokingly, that the *zebiba*, or callous, on hise forehead was formed by repeated contact with the ground during the five-times-a-day prayer ritual.

As a young revolutionary he had contacts with the Moslem Brotherhood, the fundamentalist movement, whose members were to become one of his most implacable enemies. In 1945 Nasser had to restrain him from executing a plan to blow up the British embassy. He was accused of having assassinated King Farouq's Finance Minister and detained for over two-and-a-half years before being released.

He succeeded as Acting President eleven years ago, on the assumption that he would only be a caretaker Head of State. But in 1971 he responded to a challenge from a Left-wing, pro-Moscow clique by jailing members and trying them for treason.

He concluded that the U.S. held "99 per cent of the cards" as far as the achievement of a Middle East peace settlement went, which was one factor behind his expulsion of 20,000 Soviet military advisers in 1972.

Iraq cuts oil price by $2 a barrel

By Our Foreign Staff

THE WORLD oil glut has forced Iraq to cut the price of its two main grades of crude oil by $2 a barrel retroactive to October 1, according to oil traders in the Far East.

If confirmed, the cuts would place further pressure on other Gulf producers to reduce their prices. The traders claimed the price of Iraq's Kirkuk crude had been cut from $36.93 to $34.93 a barrel and Basrah light from $36.71 to $34.71.

The reports follow Kuwait's move last week to extend the credit terms it allows its customers, thus offering them an effective $1 a barrel price cut.

However, the indications were that neither the Iraqi nor Kuwaiti terms would be sufficiently attractive to woo back customers. The war with Iran means that Iraq is producing only about 800,000 b/d and exporting about 600,000 b/d.

Meanwhile, reports from Singapore said companies involved in Saudi Arabia's Aramco consortium were offering Saudi medium and heavy crudes at a discount of up to $2.30 a barrel.

Oil Ministers from the Organisation of Petroleum Exporting Countries are trying to arrange an emergency meeting to agree a new unified price and a decision on talks is possible next week, informed Kuwaiti reports said yesterday. The Ministers are next scheduled to meet in Abu Dhabi on December 10.

But telephone consultations between the 13 Ministers have recently been intensified.

Kuwaiti Oil Minister Ali Khalifa Al-Sabah will take more soundings from fellow Oil Ministers next week, after the Moslem holiday this weekend, which will close all Gulf Ministries.

The Ministers failed at an emergency meeting in August in Geneva to agree on a unified price.

Syria denies airbase charges

By Ihsan Hijazi in Beirut

SYRIA has called for the appointment of an Arab military commission of inquiry to refute Iraqi charges that Syrian airbases were being used by Iranian fighter bombers to mount raids against Iraqi targets.

Mr Farouk al Sharah, the Minister of State for Foreign Affairs, said such a commission would be allowed to inspect Syrian territory.

He said the Iraqi claims, which were made by Mr Latif Nassif Jassem, Iraqi Minister of Information, reflected nervousness in Baghdad because the year-old war with Iran had not been proceeding in Iraq's favour.

Mr Jassem said the Iranian and Syrian regimes were coordinating plans for attacks against Iraq. The acrimonious exchanges are part of an escalation in the war of words between the rival Baath Party factions which rule in Baghdad and Damascus.

Damascus has charged that last month 38 Iraqis, members of a Baath faction supporting Syria, were summarily executed. They included army officers and civilian men and women, a statement issued by the Syrian Baath leadership said. The Leadership is headed by President Hafez Assad.

The statement did not say why the executions were carried out.

In July 1979, five members of Iraq's Revolutionary Command Council were among more than 20 persons executed for allegedly plotting with Syria to overthrow the regime of President Saddam Hussein.

Another reflection of the growing strain between the two neighbouring states is the decision by the Syrian Government to relocate its checkpoint on the border with Iraq. A Government spokesman in Damascus cited "security reasons" for the move. The checkpoint has now been moved from Abul Shamat to an area about 130 miles away on the common border.

Wong Sulong examines the background to Britain's trade dispute with Kuala Lumpur

Malaysian anger upsets UK contract hopes

THE SUDDEN deterioration in commercial relations between the UK and Malaysia has severely checked British hopes of winning major defence orders from the £2bn build-up of Malaysia's military capability which is planned for 1981-85.

The UK has been hoping to sell Malaysia aircraft, naval vessels and equipment. British companies have bid for the construction of two new bases, one for the Malaysian Navy at Lumur and another for the Air Force at Gong Kedak.

The visit to Kuala Lumpur last weekend of Mr John Nott, the Defence Secretary, followed earlier defence selling missions by Lord Trenchard, the Minister of State for Defence, last January and a visit by Sir Ronald Ellis, the head of defence sales soon afterwards.

Mr Nott found his efforts turned from sales promotion to an attempt at defusing the Malaysian anger implicit in a statement by Dr Mahathir Mohamed, who is both Prime Minister of Malaysia and Defence Minister.

At the end of last week he announced that all federal departments in Malaysia and all official agencies would have to submit to his office all tenders from UK companies for the provision of goods and services. With each British tender there would have to be another offer from a non-British company.

Mr John Nott (above left) departed for Thailand after talks with Mr Mahathir, the Malaysian Prime Minister (above right). In Bangkok yesterday he held talks with senior Thai military officials on possible arms sales to Thailand. Mr Nott met Deputy Premier Serm Na Nakhon, Supreme Military Commander Saiyud Kerdphol and Deputy Defence Minister Kawee Singha. It was reported that Thailand was interested in buying British Blowpipe anti-aircraft guided missiles.

British officials in both London and Kuala Lumpur are still trying to work out the full seriousness of the decision. Although yesterday the British High Commission in Kuala Lumpur thought that no directive to this effect had been sent to government agencies, reports were circulating that ministries and agencies would soon be asked to draw up a list of their British suppliers and contracts.

It was also becoming clear that all 13 states of federal Malaysia, each of which is controlled by the same political party as that which runs the Federal Government, would soon fall into line behind Kuala Lumpur.

Inche Hormat Rafie, Chief Minister of the state of Selangor, said yesterday there was no reason why all the states should not support Dr Mahathir's move and that, indeed, all states will in due course support it.

There is no indication so far that Dr Mahathir's edict affects private sector transactions, although it is noted that many Malaysian companies have close links with the Government and would often be inclined to follow the official line.

In any case the renewed British drive to win larger share of the development projects which have increasingly been going to Japanese, U.S., West German and French companies has clearly faltered.

This new drive was symbolised last January by the UK grant of a combination of interest-free loans and credits supported by the Export Credits Guarantee Department. This was worth £77m spread over three years.

Under the terms of this package, some seven companies are believed to have tendered for such projects as hydro-electric plants, railway equipment and telecommunications installations.

The prospects of winning such contracts have now diminished against the background of what appears to be accumulated Malaysian resentment against the UK.

Dr Mahathir's announcement came in between the visits of two British ministers to Kuala Lumpur—after talks with Mr Peter Rees, the Minister for Trade, and before the visit of Mr Nott. It is seen as an example of Dr Mahathir's cynicism about talk of co-operation and traditional links in the Commonwealth.

Dr Mahathir sees the UK and Australia as changing the rules of the commercial game just as Malaysia and other developing countries have learnt to play.

He is bitter about high tariffs and quotas against the goods of developing countries. He is especially aggrieved about the amendments to the London Stock Exchange takeover code just when Permodalan had successively mounted a successful raid on Guthrie shares, and he has not been placated by the fact that changes in the code had been in the pipeline for the past 18 months.

BRITAIN'S TRADE WITH MALAYSIA (1980—£m)

	EXPORTS	IMPORTS
Total	233.5	187.0
Main categories		
Food and live animals	7.4	14.3
Beverages and tobacco	2.6	—
Crude materials (not fuel)	.9	71.7*
Mineral fuels	1.2	—
Animal and vegetable oils	.5	37.7
Chemicals and related products	30.6	.7
Manufactured goods	27.3	22.9
Machinery and transport	127.3	24.4
Miscellaneous manufacturers	18.3	13.1
Unclassified	7.3	2.2

* Includes rubber worth £53.5m.

Source: UK Overseas Trade Statistics

S. Africa poll a test for Right wing

By J. D. F. Jones in Johannesburg

THE RESULT of yesterday's Parliamentary by-election in the Cape constituency of Piketburg is expected to prove a useful test of the strength of the Right wing white Opposition to the South African Government.

Dr Dawie de Villiers, Minister of Industries, Commerce and Tourism—and recently ambassador in London—is making his third attempt to get into Parliament, having been defeated in last April's General Election.

There is not a shadow of doubt that he will succeed, since at the election the victorious National Party candidate (who has been sent off to be ambassador to The Hague) polled 8,011 votes to the 1,215 votes of the candidate of the Right-wing Herstigte Nasionale Party (HNP).

But the HNP is aiming to demonstrate that the white electorate continues to be suspicious of the allegedly reformist inclinations of Mr P. W. Botha's Government. The HNP candidate is Mr Attie Treurnicht—the brother of Dr Andries Treurnicht, Minister of State for Administration, and a leader of the conservative wing in Mr Botha's Ruling Party.

The result is expected this afternoon.

Reuter adds from Johannesburg—South African security police said yesterday they had released three more of the 12 people detained last month in swoops on students, trade unionists and black educationists. Three others were released two weeks ago.

Dr Treurnicht

Col Hennie Muller, security police chief for the Johannesburg area, confirmed the release of the latest three, who were held under section 22 of the General Security Act allowing detention without a charge for up to 14 days.

One man just released was former trade unionist Mr Gavin Anderssen, who recently finished a five-year banning order.

The six still held by security police include Auret Van Heerden, a past president of the National Union of South African Students (Nusas). His detention period expires on Friday.

His successor as president of Nusas, Mr Andrew Borraine, was detained earlier this year and later served with a five-year banning order.

Nigerian court rules against funding plan

BY MARK WEBSTER IN LAGOS

NIGERIA'S 19 states could face serious economic disruption following a Supreme Court ruling that the law on distribution of federal Government revenues is "unconstitutional". Dr J. S. O'Dama, a Presidential adviser on economics, said the court ruling would mean a cut in the percentage of federal Government revenue which would go to the states.

The situation is particularly grave as the states depend almost entirely on funds from the central Government and Nigeria's income has been severely hit by the drop in sales of crude oil, its main export, since the beginning of this year.

Dr O'Dama said the state would receive only 25 per cent of federal Government revenue, the same level as they were entitled to before the now annulled Revenue Allocation Act was signed by the President in February this year.

Under the hotly debated Act the states received 31.5 per cent of federally collected revenues, the central Government 58.5 per cent and local Government 10 per cent.

A number of the state Governments rejected the percentage as insufficient, considering their ambitious development programmes. One state, Bendel, took the Government to court.

The court's decision that the new Act was "unconstitutional" is likely to place an immense strain on relations between the state and the federal Government. The controversial issue will again be open to general debate.

Dr Odama said: "We are not bothered. It simply means that we go back to the previous revenue allocations.

He said so far this year, the federal Government had been allocating funds to the states on the basis of the new formula, even though many of the states complained that they lacked cash.

The court's decision effectively destroys one of the biggest achievements of President Shagari's Government since it came to power in October 1979.

The distribution of revenue to the states has been a thorn in the side of many previous administrations. It was generally thought that the recommendations of the Okigbo Commission, which President Shagari set up to look at the problem, would solve the issue once and for all.

WORLD TRADE NEWS

Lance Keyworth in Helsinki reports on lucrative trade relations with the Soviet Union

Finnish shipbuilding boom

FINLAND'S shipbuilding industry, which was being battered by the rough seas of recession a few year ago, has sailed into uncommonly smooth waters on the strength of the country's increasingly lucrative trade relations with the Soviet Union.

The boom in shipbuilding exports to the Soviet Union is attributable largely to the round of five-year framework trade agreements between the two countries within which annual quotas are negotiated.

Under the 1981-85 accord, nearly half the FMk 14bn (£1.7bn) in Soviet ship orders forecast for the period have already been placed. This has ensured full employment for the 18,000 workers in the larger shipyards until well into 1983.

One recent order saw Valmet Oy, the Finnish state-owned engineering company, win an order to build two 20,000 deadweight tonnes multi-purpose dry cargo ships for the Soviet Union for service in Arctic conditions. Delivery is scheduled for 1983-84 and the order is valued at nearly FMk 500m (£61.7m). This order brings the value of Valmet's business with the Soviet Union in the current year to more than FMk 1.5bn.

One private sector company, Oy Wärtsilä Ab, won orders for ten icebreakers from Russia last year. In addition, as of the end of June, Finland's 11 larger shipyards, owned by five companies, had 97 vessels on order totalling 607,030 dwt. About 60 per cent of these ship orders are from the Soviet Union, and to these must be added four oil drilling rigs under construction by Rauma Repola Oy, a private sector company

An important reason for Finnish shipbuilding success is that it concentrates on the building of specialised ships, particularly the building of vessels for navigation in ice, founded on the need to keep the country's ports open all the year round.

The Finns are now exploiting this know-how with the Russians, who are evidently seriously exploring the Arctic continental shelf for oil and gas.

For instance, Wärtsilä's orders from the Soviet Union this year include three ice-breaking 20,000 dwt multi-purpose cargo ships carrying air-cushion, hovercraft vehicles with a 48-tonne payload for operation in areas without port facilities.

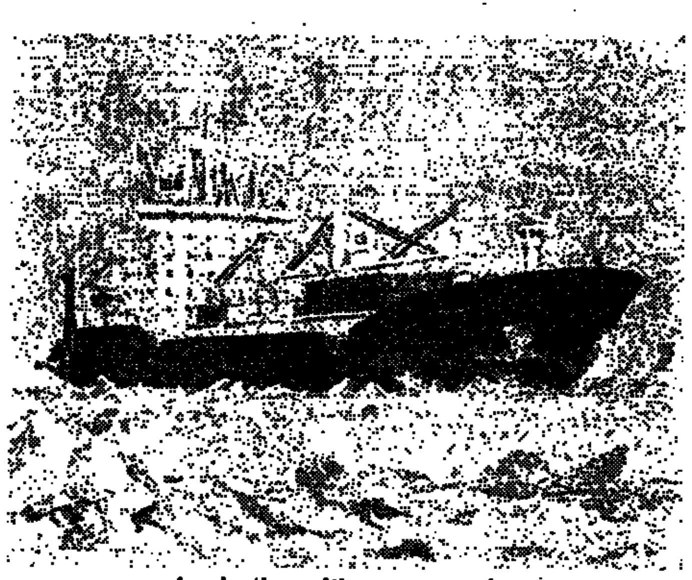
The same company is building rescue and supply ships for Arctic navigation.

One of Valmet's Soviet orders this year was for two 8,700 dwt feeder-type barge-carrying vessels which have stream generators that enable loading and unloading in iced-covered waters, though not the thick ice of the Arctic.

They can take six 1,070 dwt Danube Sea type barges or 12 Lash barges. Valmet claims it is now the only company in the world that has succeeded in selling all the units that make up a complete barge system: mother ship, feeder ships, barges and pusher tugs.

Finnish-Soviet trade is kept roughly in balance over the five-year periods of the agreements. Payments are made in "clearing" roubles—in other words, it is more or less barter trade.

As long as energy prices continue to rise—and Finland takes some 60 per cent of its energy imports from the Soviet Union—and Soviet exploration and development of its Arctic regions expands, Finnish shipbuilders may look forward to a regular flow of ship orders from its chief trading partner.



An Arctic multi-purpose carrier

Iraq may unload half its imports in Kuwait

BY PATRICK COCKBURN IN KUWAIT

MORE THAN HALF of Iraq's imports, some 6m-7m tons of goods, are expected to be unloaded at Kuwait's ports this year according to transport companies here.

Since the start of the war with Iran a year ago, Baghdad has been unable to use its own main port of Basra and has been compelled to rely upon overland transport.

Some 500 heavy trucks cross the border from Kuwait to Iraq every day carrying supplies to Baghdad, 800 kilometres to the north. They are Iraq's main lifeline to the outside world.

Iranian air strikes against the Kuwaiti border post of Abdali, and last week's attack on the oil gathering station at Umm Al Aysh, interpreted by some as Tehran's way of telling Kuwait not to give so much support to Iraq, are unlikely to do much to stem the booming business being done by local transport companies.

With 33 deep water berths, Kuwait is Iraq's main lifeline to the sea. The Jordanian port of Aqaba has only seven suitable berths although three more are to be added soon. Even so, waiting time for general cargo vessels with goods for Iraq at Shuaiba and Shuwaikh ports in Kuwait has risen to 45 to 60 days.

There is increasing use of ports further south such as Dammam in Saudi Arabia and Dubai and Shrajah in the United Arab Emirates.

The biggest local company involved in transport to Iraq is Al Ghanim and Qutub, which expects to transport somewhat over 1.5m tons of goods, mainly cement, steel and fertilisers, this year.

Before the war with Iran started, Iraq's import requirement for cement alone is believed to have been 4m tons. Since then, the pace of development has speeded up as Iraq's leaders make every effort to prove that the conflict with Tehran will not involve material sacrifices.

U.S. under pressure to end tax incentive

BY BRIJ KHINDARIA IN GENEVA

THE U.S. is under renewed pressure from its main trading partners to end a system it has used since 1972 to give a tax break to exporters.

The system operated through Domestic International Sales Corporations (Disc) allows companies to defer tax payments on profits earned from exports.

France Belgium and Holland argued in the General Agreement on Tariffs and Trade (Gatt) yesterday that the U.S. should be asked to dismantle or alter the Disc system. At the same time they asked that the council declare invalid the findings of separate inquiry panels saying that they, too, subsidise exporters by not taxing profits from exports.

Several other Gatt members sympathise with those views because profits exempted from domestic taxes by France, Belgium and the Netherlands, are earned by export subsidiaries based abroad. Therefore, they are liable for taxation by the foreign government involved.

In contrast, Discs are based in the U.S. and do not pay tax abroad or at home for as long as 10 years.

A Disc is a company on paper created by a manufacturer to receive profits from exported goods. Since taxes are paid after a long period without adjustment for inflation the exporter receives a subsidy. The Disc can also lend the profits to its parent company during that time at lower than commercial interest rates.

Under pressure from the EEC, an inquiry panel of Gatt ruled in November 1976 that the subsidies implied by Disc "nullify and impair" the rights of other Gatt members.

The U.S. is holding consultations with France, Belgium and Holland to find a way out of the impasse which has persisted since 1976. In 1978 the Carter Administration announced that Discs would be phased out, but Congress refused to go along in spite of complaints from Treasury at the loss of tax revenues.

The Reagan Administration is reviewing the Disc system but has yet to find a way of reconciling its exporters' complaints against the Community with a Gatt rule that export subsidies should not harm the export interests of foreigners.

UK company wins £13m orders

BY OUR WORLD TRADE STAFF

BELOIT WALMSLEY, the paper machinery manufacturer, based in Bury, Lancashire, has announced £13m in export orders, the key element of which is the supply of a £10m newsprint machine to SAPPI Limited of South Africa for its Ngodwana mill in Eastern Transvaal.

The machine will be the first stage of an extensive expansion programme being undertaken by SAPPI to an existing pulp mill on the site. The total programme is expected to cost around £470m during the next four years.

The other orders are for the mills in Sweden and India.

- Baker Perkins of Peterborough has sold its second £3m blanket-to-blanket, web-offset printing press to the Alden Press company of Chicago. Alden Press are major catalogue printers in the U.S. The new press is to be delivered by November.
- Plessey Avionics and Communications has won a £3m contract to supply "Supertalk" PTR 2411 military radios to a Middle East client.
- Weir Pumps of Glasgow have won a contract valued at £2.5m for the detail, design, supply and installation of a major pumping system to help supply irrigation in the Gulf state of Qatar.
- Reed-Mallik/J. S. Hill, a British-Fijian joint venture company, has won a £2m contract to construct an access road for the Monasavu hydroelectric scheme project in Fiji.

Dumping complaint filed against Tokyo

B David Buchan in Washington

THE LUKENS steel company, the third largest U.S. maker of steel plate, yesterday filed an anti-dumping complaint with the U.S. Government against the Japan Steel Works for allegedly selling stainless clad steel plate in the U.S. at less than fair market value and cost of production.

Clad steel plate counts as a special steel item and is not one of the basic carbon steel products covered by the U.S. Government's "trigger price" mechanism which sets a quick reference yardstick for possible dumping. Thus, the Lukens action does not violate the informal agreement between Washington and U.S. steel makers that the latter will not file their own dumping suits while trigger prices are in force.

But Mr W. R. Wilson, president of Lukens, yesterday went beyond announcing his company's suit to complain that the trigger prices were not working on carbon and alloy steel plate, products covered by trigger prices supposedly.

He urged the Commerce Department to expand its investigation into imports of Romanian steel plate to include all plate shipments from the European Community. He said there had been a dramatic surge in all steel imports from the EEC in August, but particularly from Belgium, Luxembourg and West Germany.

Officials of Lukens said that the fact that all Belgian steel companies were losing money on their sales supported the belief that they were dumping products in the U.S. market.

Lukens' dumping complaint centres on a very small quantity of clad steel from Japan. But this kind of steel plate is of high value, around $2,500 (£1,315) a tonne in normal market conditions, according to Lukens officials.

The U.S. company alleges that Japan Steel Works is selling some 1,475 tonnes of the clad steel plate for three large petro-chemical works projects in Kentucky, Lousiana, and Oklahoma at around 14 per cent below market value. At the same time, it notes that Japan Steel Works is losing money "which leads us further to question the company's pricing practices."

Lukens complains that more than 300 of its 2,500 workforce are laid off for lack of orders. In its com-

U.S. and Japan 'may leave Europe in cold over protectionism'

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

INCREASED protectionism in Europe poses the danger that the U.S. and Japan may increasingly try to solve international issues on their own, leaving Europe out, according to the U.S.-Japanese Wisemen's Group which has been considering how to improve relations between the two countries for the last two years.

In its final report, issued yesterday, the group says that the EEC is becoming "more inward looking as a result of strains caused by slow growth, high unemployment . . . and different approaches to economic and political issues preferred by individual governments."

As a result, the report says, "many observers believe the appeal of protectionism is far higher in some European countries than anywhere else in the industrialised world."

In order to combat European "introspection" the Wisemen advocate a review of institutional mechanisms for solving serious trade issues between Japan, Europe and the U.S. Japan and the U.S. should "work closely with Community institutions wherever feasible."

Chaired by a former Japanese Ambassador to the U.S. and a former U.S. Ambassador to Japan, the so-called Wisemen's Group is a panel of seven independent experts who began studies on U.S.-Japan economic relations in the summer of 1979 as the result of a decision reached at that spring's summit meeting between President Carter and the late Prime Minister, Masayoshi Ohira.

The group produced an initial report in January in which it called, among other things, for liberalisation of Japan's restrictive agricultural import system. In its final supplementary report it answers Japanese and U.S. critics of some of its earlier recommendations and widens its scope to include some global issues.

Apart from its warnings on European "introspection" the group:

- Accuses the U.S. of formulating policies towards the Soviet Union without proper consultation with its allies;
- Warns of "complacency" over energy problems and calls for Japan and the U.S. to take the lead in developing systems for crisis management;
- Stresses the increasing importance of trade in services (including information and computer software) and warns of the difficulty of identifying and removing non tariff barriers in this area;
- Calls for the dismantling of Japan's rice support system while welcoming the fact that Japanese domestic rice price level has fallen from more than four times to less than three times the international price level over the past three years.

The Wisemen anticipate further bilateral trade frictions between Japan and the U.S. particularly on the issue of Japanese import restrictions on beef and citrus products.

Japan should not drag its feet over the resumption of citrus and beef negotiations (due next year after a five-year cooling-off period agreed in 1978).

But pressures by the U.S. to bring forward the start of talks on the issue should be strongly resisted, the report says. The U.S. should try to understand the "depth of Japanese fears of food insecurity," an attitude which underlies many of Japan's seemingly illogical positions on farm imports.

Apart from its two chairmen, the Wisemen's Group—whose official name is the Japan-United States Economic Relations Group—includes the chairmen of Sony Corporation, Honeywell and Mitsui Engineering and Shipbuilding, a Professor of Economics at Yale University and the chief executive of Nomura Research Institute.

The report was presented yesterday to Prime Minister Zenko Suzuki who said he would do his utmost to fulfil its recommendations.

Hyundai deal hits snag

BY ANN CHARTERS IN SEOUL AND RICHARD HANSON

A CONTRACT awarded earlier this year to Hyundai Industry of South Korea by the Esso Seaiyu Kaihatsu company of Japan has apparently run into serious difficulties.

Asahi Shimbun, a leading Japanese daily, reports that the contract, which called for Hyundai to produce a "jacket" for a drilling platform to be used offshore Japan, says that the contract has now been awarded to Nippon Steel. The new deal is worth Y18bn (£42m). Neither Nippon nor Esso Sekiyu, an Exxon Corporation subsidiary, was available for comment.

But in Seoul, Hyundai indicated that the contract had run into trouble and that discussions were under way between Hyundai and the Exxon company to resolve the dispute.

Heath urges alternative Tory policy

BY MARGARET VAN HATTEM, LOBBY STAFF

THERE IS an alternative to the Government's economic strategy no matter how much Mrs Thatcher might deny it, Mr Edward Heath, former Conservative Prime Minister, said yesterday.

It was time "the man in the street" was choosing between the alternatives, he added.

In a major speech just a week before the annual Conservative Party conference, Mr Heath attacked not only the economic policies of the Thatcher Government but also the highly centralised way in which policy decisions were taken.

Calling for a return to consensus politics, he said: "Consensus is created by a continuing process of consultation and discussion.

"No one will ever convince the exponents of the singular doctrine of monetarism that it is now inadequate.

"The answer will always be that it has not been tried hard enough or long enough, or that interest rates did not go high enough, or that Government spending was not cut savagely enough.

"These may long remain matters for academic discussion.

"What the businessman and trade unionist the ordinary citizen and his family are now rapidly realising is that if such a policy requires to be perpetuated for an even longer period and even more stringent measures such as are proposed at the moment are needed then the price which as individuals and as a community they are being asked to pay is too high to be acceptable.

"This is a perfectly justifiable conclusion for any citizen to reach. He is entitled to make his own judgment on the costs and benefits of any Government policy and to act accordingly when he is given the opportunity."

The man in the street, questioning the thinking behind Government policy and its effects — the rising money supply, rising Budget deficit, rising inflation, interest rates, taxation, sterling exchange rate, and unemployment rate — was consistently told there was no alternative.

"There is another way, and one the Conservative Party must pursue," he said.

Present policies had locked Britain into a vicious circle of higher interest rates, higher Government spending, higher unemployment.

The UK now had to join with EEC partners to break this vicious circle, first by breaking away from American-led pressure for higher interest rates, and by reestablishing the stability of UK currency.

To begin with, Britain must join the European Monetary System. Then Europe had to "put a ring-fence round its money and capital markets to enable it to disengage itself more effectively from abberations in the rest of the world.

"We in Britain should resume the use of our powers of exchange control as part of the Community exchange control system vis-à-vis third countries.

"The Community should also link Eurocurrency markets to Community controls, for example by establishing reserve requirements.

"The Eurocurrency markets are an ever-increasing and substantial factor in the disposition of the world's money, providing easy substitutes to nationally controlled money.

"This in itself can defeat the objectives of any Government's policy. In Europe the shifting balances are a massive Trojan horse conveying U.S. monetary conditions into our own markets.

"The U.S. itself has long-term interests in carrying out such an operation jointly with the Community, in case the dollar again collapses. It would be best if this were done in unison, but if we cannot do it together Europe must do it alone."

Mr. Heath said that the measures he outlined would involve major policy changes

"The reduction of interest rates could be the first stage of turning the vicious circle into a virtuous one.

"By the effects on the cost of servicing Government debt, by the increase in Government revenue consequent upon increased economic activity, and by lightening the burden on industry and small businesses, the scene could be set for increased investment, reduced corporate taxation and more jobs."

Heseltine's rates plan 'crude and blatant'

By Lorne Barling

MR MICHAEL Heseltine, Secretary of State for the Environment, was severely criticised by West Midlands County Council yesterday for "a crude and blatant piece of centralisation" in taking away local authorities' right to determine rate levies.

Commenting on proposed legislation on rates, Mr Gordon Morgan, leader of the Council, said: "It is a most disturbing document and one which must sadden all those who have an interest in local government, regardless of their political opinions."

Mr Heseltine wants the Government to specify the maximum amount to be levied by a local authority. If it needed more, the authority would have to raise a supplementary precept.

This, said Mr Morgan, could be a "tortuous and cumbersome procedure" involving a referendum costing £0.75m. A second supplementary could not be raised until the last quarter of 1982.

Ratepayers would, therefore, have one bill in April, a supplementary in the sumer, and a second supplementary around Christmas time. The cost of levying the supplementaries would mean a further £0.5m on top of the £0.75m referendum costs.

The policy committee asks why, if the Government were determined on its course, it did not simply get rid of local authorities.

Mr Morgan declared: "Let's get rid of the farce of so-called local democracy where the elected representatives are merely the puppets of the Secretary of State for the Environment."

Chairman's new role prompted departure of Stone-Platt chief

BY ANTHONY MORETON

THE ARRIVAL of Mr Leslie Pincott as non-executive chairman of Stone-Platt Industries, the troubled engineering multinational, on November 1 last year was the first step in a process which led to the departure this week of Mr Robin Tavener, its managing director and chief executive.

Mr Pincott quickly found that the job was taking all his time and energies. "Although a non-executive chairman, I found I was devoting so much time to the business," he said yesterday, "that there came a point where it seemed appropriate to take over all the direction of the company's affairs.

"The board agreed and the parting with Mr Tavener has been wholly amicable.

"We are both pretty strong chaps in our ways and when you have two such people only one can be forceful.

"In the present circumstances, the chairman just had to be in overall executive command."

Mr Tavener was appointed chief executive early in 1980. He had been with Stone-Platt for 12 years, six between 1974 and 1980 as chairman of its electrical division.

Stone-Platt has had a very rough ride in the past three years, largely due to its strong textile interests in Lancashire. Its position was not helped by falling into technical default on loans last year, a lapse which necessitated a rescue operation by the institutions.

Reverberations from that have not ended, and further changes in the running of the company are likely to be announced soon.

Stone-Platt can be fairly described as the unknown multinational.

Its interests span five continents and take it into electrical, marine and mechanical engineering, pumps and textile machinery.

A quarter of its business is in the UK and almost half in Europe, including Britain. Its largest country of operation is the U.S., where it is one of the most important companies in textile machinery through the Platt Saco Lowell and Scragg North America subsidiaries.

Most of its general engineering subsidiaries are operating reasonably well, but it has run into severe difficulties in textiles, largely in Britain.

The American and Spanish operations have continued to turn in profits, even though the division suffered a 15 per cent fall in turnover last year after a 20 per cent drop in 1979.

Lancashire has been the big drain, and in an effort to stem the outflow the Oldham plant was closed last year. This July it was announced that most of the Bolton factory would shut, and operations be concentrated in Accrington.

Inflation cure will take time, says Walters

BY DAVID MARSH

REDUCING inflation cannot be accomplished at a stroke but requires a policy of holding down money supply growth for at least three years, and probably five, according to Professor Alan Walters, the economic adviser to Mrs Margaret Thatcher.

In a lecture at the Institute of Directors, Prof Walters said people needed a considerable time to adjust, both in their expectations and in their behaviour, to a new monetary environment.

Persistency and consistency were required to reduce progressively the rate of growth of the money supply and then to sustain it at a "suitably low" level, which he put at 3 to 5 per cent per year.

British governments since the war had pursued policies of restraint for some time, but policies needed to carry conviction. Nobody had expected restraint would last for more than a year or two—and in general people had been correct, Prof Walters said.

As examples, he cited the squeeze imposed by Mr Roy Jenkins in 1968, which was foregone in 1969, and the reduction in money supply pursued by Mr Denis Healey in 1977, which was reversed by the end of 1978.

Speaking on Monday evening, Prof Walters said all that monetarism could do was provide stability in the general price level. When everyone realised the Government was maintaining a firm long-run control over the emission of money, firm expectations that inflation would not run away and frustrate long term planning would be created, he said.

Monetarism could only be used to solve monetary problems. It was a great temptation to provide some monetary gimmick to deal with a real problem. But these were "quack cures." Tasks like increasing growth, reducing unemployment and eliminating poverty could not be accomplished through monetary expansion.

● Mr Enoch Powell, MP, said yesterday that Britain was passing through a period of "severe social and human disruption" but was on its way to economic health.

In a speech in Birmingham, Mr Powell said no major economic advance ever took place without disruption.

Pan Am announces more cuts in transatlantic fares

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PAN AMERICAN Airways yesterday announced its new range of cheap Atlantic fares from London, following the U.S.-London fare cuts announced on Monday.

The new fares will mean cuts of up to 66 per cent on Economy class single rates, and are designed to boost travel during the slack winter months.

The new single Economy class rate from London to Los Angeles from November 1 to March 31 will be £169, a cut of 66 per cent. To New York it will be £124, down 51 per cent; to Miami £121, down 57 per cent; to San Francisco £197, down 60 per cent; to Washington £195, down 31 per cent; to Seattle £230, down 48 per cent; and to Houston £241, down 34 per cent.

The Clipper Class fares on some routes will also be reduced—the single rate to New York is being cut 31 per cent to £253 and to Washington by 24 per cent to £303 single. The return fares are double the single rates.

So far there are no signs of other Atlantic airlines following suit.

● Gibraltar Airways is changing its name to GB Airways from November 1, and plans substantial route expansion.

University satellite launched

By Our Aerospace Correspondent

THE University of Surrey's own satellite, Uosat, was launched successfully yesterday from the U.S. National Aeronautics and Space Administration's Vandenberg centre in California.

The satellite, built by staff and students at the University with help from outside organisations including the Radio Society of Great Britain, cost only £100,000 compared with the normal cost of over £1m for comparable satellites.

The aim is to provide more information about the behaviour of radio waves in the Earth's ionosphere.

Rees pledge on exchange controls

BY DAVID MARSH

BRITAIN will not reimpose exchange controls despite the large outflows of capital that have taken place since they were lifted in October 1979, Mr Peter Rees, Minister of Trade, said yesterday.

Mr Rees, who up to Mrs Thatcher's cabinet reshuffle last month was Minister of State at the Treasury, gave the assurance in Jakarta during an official visit to Indonesia.

"Our firmly established position is that exchange controls are not beneficial to our economy and they distort business activity. It is certainly not our intention to reimpose them unless there is a catastrophic situation . . like war," he told a business conference.

Sir Geoffrey Howe, the Chancellor of the Exchequer, made clear during his overseas trips during the last two weeks in Nassau and Washington that Britain is relying on interest rate policies to steady the pound, and is not contemplating reintroducing controls.

However, there has been speculation in the City and in business circles during the past few months that exchange controls might sooner or later have to be reintroduced if sterling's weakness continues.

Mr Archie Donaldson, the well-respected deputy treasurer of ICI, warned during the summer that exchange controls could be reimposed "virtually without warning" by either the present or the next Government.

When the Government gave UK residents freedom to deal in foreign currencies two years ago, it deliberately allowed itself flexibility to reintroduce controls when needed by keeping the 1947 Exchange Control Act on the statute book.

Since the ending of controls, portfolio investment abroad, mainly by pension funds and insurance companies, has totalled more than £5bn, and UK residents have amassed a similar amount in foreign currency bank deposits.

Government plans to fund £103m bridge across the Thames

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE GOVERNMENT is to publish official plans on Monday for a new bridge to cross the River Thames at a point midway between the existing road tunnels at Dartford and Blackwall, east of Tower Bridge.

The 1,200 ft long bridge and its associated twin dual carriageway road is expected to cost £103m at current prices, the Transport Department said last night.

The entire project is to be funded by the Government. Work could start in 1987. If the project goes ahead after the public consultation exercises that start next week, it could rank as the first major new civil engineering and building scheme to be announced by this Government.

The work would be labour intensive and take some years to complete.

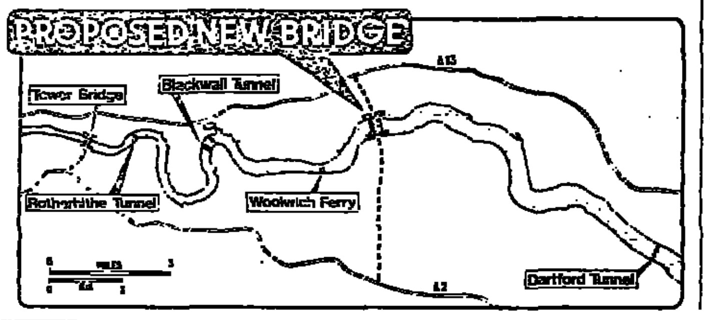
The Government intends to justify the project on two grounds.

A new bridge across the Thames, adding to the 18 already built between Kingston and Tower Bridge, would improve access for traffic heading across London to the south coast ports.

A new bridge would also help to relieve congestion at the Blackwall Tunnel and so improve access to and from the Docklands development area, north and south of the river.

Th eproposed bridge would link the A13 Newham Way near Beckton, north of the river to the A2 Rochester Way road south of the river to the Channel ports. "It is really rather an elegant bridge," the Transport Department said last night, "and not unlike the Humber Bridge."

The proposed Thames bridge would be a "cable-stayed design." After crossing the Thames over Gallions Reach and the Northern Outfall Sewer near the gas works at Beckton, the planned road from the bridge crosses roads and a rail line to pass in a tunnel under Plumstead High Street on its way to join the A2.



Solicitor General intervenes on De Lorean

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SIR IAN PERCIVAL, the Solicitor General, last night made a dramatic intervention in the row about alleged financial irregularities at the De Lorean sports car company.

He said that neither the Prime Minister nor anyone else had ordered an investigation into the company's affairs "or anything remotely like it."

What the Solicitor General had requested and authorised was "no more than the sort of routine steps which are taken over and over again, indeed must be taken when allegations of the type now being bandied about are made," he said.

"The purpose of such steps in such cases is to see whether there is or is not anything to be followed up.

"It hardly needs saying that it would be highly irresponsible for anyone to leap to any conclusions—especially when, by so doing, they could put men's jobs at risk."

Meanwhile, in New York yesterday, Mr John De Lorean, chairman of the company, announced he had instructed lawyers to institute libel proceedings and general action against those involved in what he described as "the vicious slandering" of the De Lorean project.

The Solicitor General said he had decided to issue his statement in order "that a few facts be corrected and that the truth of the matter should receive the widest possible consideration.

"It has been repeatedly stated in the past two days that 'the Prime Minister has ordered an investigation of the company's affairs' or words to that effect. No part of that is correct. On the contrary, the truth of the matter is very different from the impression conveyed.

"When the Prime Minister was informed of the allegations, she asked that the law officers should consider on her behalf what action should be taken. After considering what little was then known, I asked the Director of Public Prosecutions to arrange for a police officer to meet Mr Winterton (Mr Nicholas Winterton, Conservative MP for Macclesfield, who first conveyed the allegations to the Prime Minister) to receive from him details of the allegations being made, and of evidence said to support them—all in complete confidence.

"Had it not been for others going public, that course would have combined the advantages of ensuring proper consideration of the evidence, if any, while avoiding the very danger which has now arisen of people assuming that something must be wrong because inquiries were being made — a danger made very much greater by the use of such words as I have quoted."

Mr. Winterton said yesterday that he had sought to have the De Lorean allegations privately investigated so that the company would not be prejudiced. It employs 2,500 at Dunmurry, near Belfast, an unemployment black spot.

"It was not the result of any action by me that the allegations were made public," he insisted.

In New York, the company maintained there was absolutely no question of the Dunmurry plant being shut.

There had been "one or two questions" from the De Lorean company's bankers who "simply wanted to know what was going on."

At the Dunmurry factory yesterday, the workforce were said to be "overcome with anxiety.

"Many of them would never have had a job without De Lorean, and they know if it goes they will have trouble getting other work. They initially reacted very angrily to the allegations," the company stated.

"But today, they are working away with a hell of a vigour."

FT closes World Business Weekly

WORLD BUSINESS WEEKLY, the magazine launched three years ago in the U.S. by the Financial Times, is to be closed and the last issue will be published this week.

Explaining the decision last night, Mr Alan Hare, chairman of the Financial Times, said: "It was always recognised that the world economy was moving into a recessionary period. But the depth and length of the world recession across the strong economies was not anticipated nor was the delayed recovery which has affected the U.S. magazine industry severely.

"This has meant that projected growth of combined advertising and circulation revenues of World Business Weekly in the medium term cannot meet the costs necessary to produce a magazine of the quality we would require in the American magazine market."

Existing subscribers to the magazine will be offered the opportunity of receiving The Economist magazine, in which the Financial Times has a 50 per cent interest and which has been printed in the U.S. as well as in Britain since last February. The Financial Times would be looking for other areas of revenue growth potential in the U.S., said Mr Hare.

World Business Weekly was aimed at American businessmen interested in international business and world trade and Mr Hare said *last night that* the targeting had been accurate. In a crowded U.S. business magazine market, WBW established itself quickly and current audited circulation was 25,000 per week. Advertising revenue between 1979 and 1980 increased by 50 per cent and the magazine was quoted increasingly in the U.S. media.

Vehicle output 'improved' in September

VEHICLE PRODUCTION picked up considerably in September. But commercial vehicle manufacturers in particular are worried that the new credit squeeze will dampen demand yet again.

According to the Department of Industry, the provisional estimate of seasonally adjusted car production in September of 93,000 was considerably above the average for the first eight months of the year.

It compared with 72,000 in August and about 63,000 in September last year.

However, the number of cars produced *in* the first nine months this year at 722,000 was about 7 per cent below output for the same period in 1980.

BL's latest Triumph acclaimed by dealers

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL's dealers have given an enthusiastic reception to the group's Triumph Acclaim which goes on sale today. They say the price is highly competitive but are worried about the effect the strike at the Cowley plant, where the Acclaim is made, will have on the car's launch.

BL said last night that about 8,000 Acclaims had been delivered and many dealers had more than their original quota so the car would not be in short supply. The group launched the Metro last year with 6,000 in stock.

Although they are pleased about the Acclaim's price—the *three* versions will sell for £4,688, £4,988 and £5,575—some dealers wonder how long it will be held.

"The Metro came in at a very competitive price but now it has become a very expensive motor car," one major dealer said last night.

The Acclaim is the second new car BL has launched in 12 months. But to do so it had to turn to Honda of Japan. The Acclaim is heavily based on Honda's Ballade, introduced a year ago.

BL expects the Acclaim to take a 3 per cent share of the UK new car market. There will probably be some substitution for other BL models—dealers reckon the newcomer could even dent top-of-the-range Metro sales—so that the group's market share gain will be between 1.5 and 2 per cent.

Dealers see Acclaim recapturing some of the former Triumph and Rover buyers who cannot afford the new Rover prices, taking sales away from the Volvo 300 series and some Japanese competitors.

BL says the Acclaim competes with the Volkswagen Jetta, the Peugeot 305, Renault 18TL, Talbot Solara 1.6 GL and Cortina 1.6 GL although the body is shorter and the engine smaller than those of rivals.

The Acclaim is the first of several vehicles to benefit from a £70m modernisation programme at Cowley, Oxford. BL says the car will be 70 per cent British, measured by the ex-factory price.

Honda is taking a royalty on every car and providing all the engines, gearboxes and the plastic fascias from Japan.

The 1335cc engine, set transversely and driving the front wheels via either a *five-speed* manual or Honda's Tricomatic three speed semi-automatic gearbox, gives the saloon a sporty performance.

BL says the Acclaim can do 0 to 60 miles an hour in 12.5 seconds and has a top speed of 96 mph. Yet fuel consumption claimed is only 32.8 mpg in the urban cycle and 48.8 mpg at a constant 56 mph.

BL says the cost of ownership is kept low because the Acclaim *will require only 12* hours of routine maintenance over 50,000 miles

BL's Japanese connection, Page 19

Aerospace supply plant for Wales

By Robin Reeves

A JOINT VENTURE to manufacture products for the aerospace industry is being established at Wrexham, North Wales, by American Cyanamid and a British company, Fothergill and Harvey.

The new company, Cyanamid Fothergill, will produce pre-impregnated carbon fibres and expanded aluminium honeycomb, mainly for aerospace, and for other industrial applications requiring a light, strong material.

It has an initial share capital of £1m, of which half is in the form of a cash subscription. A further cash subscription of £500,000 is planned within 12 months.

Total investment by the two partners is expected eventually to be £2m. The project has been granted an £800,000 loan by the European Investment Bank and an undisclosed amount of selective financial assistance by the Welsh Office.

Initially it will employ 45, increasing to about 130

● NEARLY 100 workers at the Albert Martin knitwear company, Sutton-in-Ashfield, Notts, will be made redundant, it was disclosed yesterday. Those losing their jobs are 83 operatives and 15 staff, leaving in a few weeks.

● A COWLEY, Oxford, engineering firm told its employees that nearly 100 of the 490 jobs would have to go. It is Grove Cranes' second wave of redundancies this year. Since 40 jobs went in the spring, most of the workforce has been on short time.

Because of "continuing low demand" a 20 per cent "reduction of the head count" was necessary.

● AXEING of 90 employees by the A. H. McIntosh plant, Kirkcaldy, Fife, is likely. The 430 employees accepted a pay cut and short-time working earlier this year to save jobs.

The company, praised by Mr George Younger, Scottish Secretary, for a £1m expansion last year, says the Government must take a big share of the blame.

● The Fisons fertiliser plant which closed at Boston, Lincs, earlier this year with loss of nearly 100 jobs is to get a new lease of life. The land and premises are being sold to the soft furnishing company E. Fogarty of Boston.

Midlands despondent over interest rates

BY LORNE BARLING

WEST MIDLANDS industry has reacted with profound despondency to recent increases in interest rates, which many companies believe have seriously set back any hopes of recovery from low levels of output.

This response became evident from the Confederation of British Industry, whose monthly regional council meeting was held yesterday, and the regional group of Chambers of Commerce, representing more than 10,000 people in smaller companies.

Mr Chris Walliker, chairman of the West Midlands CBI, said: "Higher interest rates will mean that even more capital investment will be deferred. Industrial capacity in lower added value industries will not be replaced, and imports will be sucked in when there is an upturn in demand."

He added that many CBI member companies had been learning to live with lower demand but the prospects were now bleaker than ever.

On a slightly brighter note, he said that many engineering companies had succeeded in deferring pay settlements or persuading workforces that there could be no pay increases in the foreseeable future.

There were also indications that redundancies were now coming to an end.

Mr James Ackers, chairman of the regional Chambers of Commerce, said higher interest rates had been a major setback for smaller companies.

"We are new expecting a further rise in unemployment in the West Midlands. We are going below what was regarded as the bottom of the recession, which should now be called a slump."

He said there was evidence that larger companies were moving their resources elsewhere through investment abroad.

Security payment appeal dismissed by Denning

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A LONDON arbitrator was wrong to require a Panamanian company to pay in as security the whole of the $2m involved in the dispute being arbitrated, the Court of Appeal said yesterday.

The arbitrator required the security as a condition of his stating a special case on which Glafki Shipping could argue a point of law on appeal to the Commercial Court.

Lord Denning said the arbitrator had imposed the condition because he had considered Glafki was indulging in delaying tactics.

That was not the case. The company had been acting on the advice of a QC who had come into the case at a late stage when a conflict of interest on the part of Glafki's solicitors had made it necessary for the company to change its lawyers.

It was agreed by both parties to the dispute that the new point of law Glafki had been advised to raise was clear cut, capable of argument and vitally important to the parties because of the amount of money that might depend on it.

Lord Denning said an arbitrator's power to impose conditions was valuable in dealing with delaying tactics or ulterior motives of a party to an arbitration.

In a proper case there was no reason why payment as security of the whole sum in dispute should not be imposed as a condition of having a special case stated.

But such a condition should be imposed only in a very exceptional case. It would be over hard to impose it where there was acknowledged to be a clear cut and fully arguable point of law on which a great deal of money depended.

The court dismissed an appeal by Pinios Shipping, a Liberian company in dispute with Glafki, against a Commercial Court order striking out the security condition imposed on Glafki.

The dispute arises out of the loss of a vessel managed by Glafki for Pinios.

Pinios claims that Glafki failed to insure the vessel in accordance with the terms of the management agreement, with the result that the insurance money paid did not fully cover two mortgages of the vessel entered into by Pinios.

MPs call for fewer hours for doctors

PATIENTS may be at considerable risk because many junior hospital doctors have to work for more than 90 hours a week, a committee of MPs said yesterday.

The Commons Social Services Committee has urged that the Government should give priority to reducing the doctors' workink week, initially to a maximum of 80 hours.

Credit card interest raised by Midland

MIDLAND BANK has followed National Westminster Bank and increased the monthly interest rate it charges Access credit card holders from 2 per cent to 2¼ per cent from Friday, October 30.

Lloyds Bank, the other big Access bank, is expected to follow suit shortly.

Housing ultimatum for Norwich Council

THE GOVERNMENT has given Norwich City Council until Friday to come up with a new plan to sell 800 council houses by Christmas. Housing Minister Mr John Stanley warns that otherwise he will send in a commissioner to do the job.

Dispute costs already settled

CONTRARY to the impression given in yesterday's Financial Times the question of who should pay the costs of the marathon Prudential Assurance Company v Newman Industries case does not remain to be decided.

An agreement on costs was included in a settlement negotiated between the parties to the dispute, details of which were not disclosed when the appeal was finally disposed of in the Court of Appeal on Monday.

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Exxon attacks British chemical plant construction

BY RAY DAFTER, ENERGY EDITOR

A SENIOR executive of the U.S.-based Exxon Group has launched a scathing attack on the British process plant construction industry.

Mr Gene McBrayer, executive vice - president of Exxon Chemical Company, said in New York that it took 50 per cent longer to build a chemical plant in the UK than in most other parts of the world.

He said UK experience had shown that development problems were not only confined to the less industrialised countries, such as those in the Middle East.

Exxon's UK chemical affiliate —Esso Chemical—was building a petrochemical complex at Mossmorran, Fife, which was both costlier than planned and late in development.

The cost, he said, had risen to £400m, some 40 per cent above estimates made three years ago. The 500,000 tonnes a year ethylene plant, originally scheduled to be completed by the end of 1984, would not now come on stream before 1985.

Mr McBrayer cited four problems:

● Construction site productivity was low compared with the Continent and the U.S., he said. "Part of this is the result of the casual nature of employment in the industry which too often leads to workforce tactics just to keep the job going." Poor site management and supervision often caused low morale among the workforce, resulting in poor performance.

● Industrial relations difficulties, often brought on by fragmented bargaining structures, were common.

● Inadequate project design and engineering, which frequently resulted in excessive plant modifications, had been a recurring cause of construction delays.

● The late delivery of materials and equipment was a "habitual problem" and also contributed to delays.

"The developing world is far from being alone in presenting plant builders with environmental challenges," he told UK energy journalists at Exxon's New York headquarters. But Exxon was still convinced that it was right to build the plant, which would be fed by ethane gas rather than oil-based naptha.

Mr Howard Kauffman, president of the Exxon Corporation, warned the Governments of oil producing countries, including the UK and Norway, that increasing taxation was whittling away the industry's profitability. Exploration had become measurably less attractive. It was to no one's credit if fields were left undeveloped because of economic reasons.

Mr Kauffman said although Exxon was extending its energy interests into coal and synthetic fuels, oil and gas would be the group's "bread and butter," business towards the turn of the century.

This year Exxon would invest some $11bn, about $9m of which would go towards oil and gas development, he said.

Spanish group interested in offshore yard project

BY MAURICE SAMUELSON

SPAIN'S second largest company, Dragados Y Construcciones, has confirmed it wants to build a construction yard for the off-shore oil industry at Pembroke Dock, West Wales.

The scheme would create 250 jobs in an area where nearly 20 per cent are unemployed. However, if the yard wins the contract for the jacket of an offshore production platform, its workforce could reach 1,200.

Dragados hopes to take over two former flying boat hangers and six British companies have been invited to tender for the preparatory work.

The site would enable the company to bid for work in the southern Celtic Sea and on the British Gas Morecambe field.

Mr Alan Colley, managing director of Govan Davies Developments which owns the land, said yesterday Dragados hoped to start work on small fabrications by next June and on large scale construction a year later.

Five more onshore oil production licences awarded

BY RAY DAFTER, ENERGY EDITOR

FIVE oil production licences, covering a total of 655.5 square kilometres in the Midlands and Hampshire, were awarded yesterday by Mr Nigel Lawson, Energy Secretary.

They are the latest in a series of concessions aimed at boosting onshore exploration for oil and gas. Under the licences, companies are authorised to drill and, if successful, produce hydrocarbons, providing they have obtained the prior permission of the owners and occupiers of the land.

Three of the licences have been awarded to Shell UK: a 128 sq km site in Staffordshire; a 117.5 sq km area of Staffordshire and Shropshire; and a 125 sq km area of Staffordshire and West Midlands.

Voyager Petroleum (UK) and Shell UK have been awarded a 165 sq km concession to the north and east of Basingstoke, Hampshire, while Graig Exploration and Denholm Exploration have been granted joint drilling rights on a 120 sq km tract of Hampshire — including the town of Basingstoke.

The awards mean that 51 production licences are now in force. Oil companies also hold drilling concessions in areas covered by 14 mining licences granted up to 1967.

Last year onshore oil production rose to 240,000 tonnes. This was nearly double the 1979 total, an increase due almost entirely to the build-up of production from the important British Gas/British Petroleum oil field at Wytch Farm, Dorset.

Even so, onshore production is tiny when set against the North Sea output. Last year UK offshore oil production totalled 78.7m tonnes and the level is rising.

● Mobil North Sea has awarded a drilling contract — worth initially about £25m — to the British company, KCA Drilling. The contract covers development work on the Bravo production platform in Mobil's North Sea Beryl field.

KCA will supply a drilling rig and equipment for installation on the Bravo platform, some 95 miles south-east of the Shetland Islands. The contract, initially lasting five years, will include drilling up to 21 wells for oil production and gas and water injection.

Up to six of these wells will be drilled by a semi-submersible drilling rig through a seabed frame. They will then be connected to the platform which is now under construction.

Oil production from the Bravo platform is expected to begin in summer 1984. Output should reach a peak of about 85,000 barrels a day by early 1985.

KCA also provides drilling services on the Beryl Alpha platform. Since 1973 some 30 wells have been drilled from two rigs.

Mobil is operator of the Beryl field, with a 50 per cent stake in the concession. Its partners are: Amerada Petroleum Corporation—20 per cent, Texas Eastern North Sea—20 per cent, and Gas Council (Exploration) —10 per cent.

Oil and gas costs force brickmakers to consider coal

BY MAURICE SAMUELSON

BRITAIN'S brickmakers are being forced reluctantly to consider converting their kilns to coal because of mounting oil and gas prices and their desperate need to cut costs.

Except for London Brick (whose Oxford clay burns almost of its own accord) most of the British brickmaking industry has been on gas or oil for nearly 20 years. Brickmakers claim that these fuels have enabled them to cut labour costs, reduce the problem of ash disposal and cut down pollution far more than would have been possible with coal.

But these assumptions will be challenged next week when the Department of Energy announces the results of the conversion to coal of part of a big Leicestershire brickworks.

If the rest of the industry followed suit, it could boost the UK industrial market for coal by 800,000 tonnes a year, or nearly 10 per cent, says the National Coal Board, which is also involved in the scheme.

At present, the industry uses 200,000 tonnes of coal, mostly at London Brick. Its gas consumption is the equivalent of between 400,000 and 500,000 tonnes of coal, and oil accounts for another 300,000 tonnes of coal equivalent a year.

The £500,000 conversion was carried out on a tunnel kiln at the Aldridge works of the Ibbstock Group, one of the biggest UK brickmakers after London Brick. The investment, expected to pay for itself in two and a half years, attracted a £30,000 Government grant. The Government also paid for it to be monitored by the Energy Technology Support Unit.

The kiln, which burns 100 tonnes of coal a week, was fired previously by liquefied petroleum gas. It was converted without having to be shut down: and no more men were employed to handle the coal, which is processed and delivered automatically into the kiln.

Most of the ash is blown off the bricks in a specially designed chamber and is then fed back into the feedstock for more bricks, instead of having to be disposed of elsewhere. Energy efficiency is said to be 10 to 15 per cent better than before, and the lower temperature may result in fewer defective bricks.

But other problems may be harder to overcome. The industry is short of investment capital and it does not qualify for the Government's 25 per cent coal conversion grants—these apply only to boiler installations and they exclude conversions from gas.

Nor would the industry turn automatically to British coal. According to the National Federation of Clay Industries, much of the coal already used in the brickfields is imported because it is cheaper and better. (The latter claim is disputed by Mr Gordon Taylor, Ibbstock's managing director at Aldridge, who says the NCB offers a wider choice of coal.)

Meanwhile, European and North American brickmakers are setting the pace in the return to coal. But coal is not the only alternative to gas and oil. A brickworks in Georgia, U.S., burns a different indigenous fuel—peanut husks.

BSC switch to coal will cut fuel costs

By Martin Dickson, Energy Correspondent

THE British Steel Corporation aims to cut its energy costs by switching as far as possible from oil and gas to coal over the next five years.

The news is a significant boost to the National Coal Board's campaign to get industry to switch to coal burning. General industry is seen as the NCB's major growth market over the next 20 years.

However, there was no clear indication yesterday how much of a boost the BSC plan would give to NCB sales.

BSC uses about 8m tonnes of coal a year, which is turned into coke for use in blast furnaces. About 4m tonnes of the total comes from the NCB.

BSC is about to start experiments involving the injection of coal into blast furnaces instead of fuel oil or gas. The injection process is designed to improve furnace performance.

The result could be some reduction in the corporation's annual fuel bill, now running at nearly £400m a year—although much of this is accounted for by electricity used in electric arc furnaces.

UK NEWS—THE SOCIAL DEMOCRATS AT BRADFORD

Time 'running short' for economy

BY IVOR OWEN

TIME is running out for the rescue of the British economy. Mrs Shirley Williams warned yesterday when the Social Democrats embarked on the second stage of their conference in Bradford.

Her surprise announcement that she is ready to stand on behalf of the SDP-Liberal alliance in the Crosby by-election despite the fact that Sir Graham Page, the former Conservative MP, secured a near-20,000 majority in the 1979 general election, was greeted with rapturous applause.

To cheers from the 800 representatives crowded into the conference hall, Mrs Williams stressed: "We have to scale unscaleable heights. We have to take impossible risks."

A virtual invitation to leading Conservative critics of current Government policies and to the still embattled moderates in the Labour Party to join the Social Democrats preceded the announcement that she is prepared to lay her political reputation on the line

Mrs Williams pointedly singled out Mr Edward Heath and Sir Ian Gilmour, two of the Prime Minister's foremost critics, for special praise.

Unlike some of the other Tory "wets," she said, they had enough anger in their hearts and fire in their bellies to challenge the relentless downward plunge threatening the British economy.

Both Mr Heath and Sir Ian had tried to warn the Conservative Party of the terrible developments for which it would be held responsible.

Mrs Williams hoped that, one day, they would also appreciate that it was the realisation that the steps needed to tackle the problems of the British economy could no longer be delayed that led her and the other founder members of the SDP to sever their earlier political allegiances.

She named Mr Denis Healey, Mr Roy Hattersley and Mr Eric Varley in directing another thinly veiled invitation to the moderates in the Labour Party.

How much longer, she challenged, could they reconcile themselves to Labour commitments to unilateral nuclear disarmament and withdrawal from the European Common Market which they knew to be against the interests of the British people?

Highlighting the realities of Britain's economic plight, Mrs Williams declared: "We are getting close to the point of no return. Unlike earlier recessions, the economic and industrial foundations of the country are now crumbling.

She feared that, if recovery ever did come, it would be choked by bottlenecks in supplies and weakened by skill shortages.

At Brighton, she said, Labour had approved trade and economic policies which denied the existence of Europe and defence policies which denied the existence of the Soviet Union.

The decision not to allow the British people to choose through a referendum whether to leave the EEC showed that the Labour Party had no intention of changing its present stance.

Mrs Williams acknowldeged that, on coming to power, an SDP-Liberal government would be confronted with part of Britain's industrial base washed away, severe inflation and massive unemployment.

She believed that the first essential in dealing with such a situation must be to keep the pound as stable as possible and to take action to bring down interest rates.

"We shall have to tell the people honestly that North Sea oil revenues must not be frittered away on consumer goods or even on tax cuts," she said.

Mrs Williams described an incomes policy as "inescapable" and told the trade unions that their co-operation would be essential both in restraining inflation and in securing the introduction of new training methods in industry.

Mrs Williams reaffirmed that the main thrust of SDP economic policy would be directed at reducing unemployment through work on major projects designed to improve the nation's infrastructure and to the allocation of investment for new technology

Top priority for more jobs and higher profits

THE FIRST priority of any Social Democrat Government would be a higher level of employment and profits rather than any reduction in personal taxation.

A series of speeches by SDP leaders at Perth and here have indicated how the party's policies are evolving.

The main themes are a commitment to a mixed economy, to an incomes policy of a non-statutory kind, to a stable exchange rate, to an expansion of training and apprenticeship schemes, and to a selective increase in public sector investment, particularly in communications.

At a fringe meeting of the unofficial Social Democratic industry and finance group yesterday, Mrs Shirley Williams said that higher employment and profitability would have a greater priority than any reduction in taxation on consumer goods or any reduction in the current level of income tax.

Party leaders have, however, given a firm commitment to the abolition of the employers' national insurance surcharge.

The implication of these pledges is that there will be no room for an immediate rise in living standards and in consumer spending as opposed to the priority be given to profits, investment and jobs.

This view of tax priorities ties in with the commitment to higher public sector investment. The party's leaders also want to see a more flexible approach to the public sector borrowing requirement with a clearer distinction between spending on infrastructure and new training and conventional transfers of revenue such as social security benefits.

Nothing has been said specifically about monetary policy, though the party's leaders are strongly in favour of sterling being linked to other EEC currencies in the exchange rate mechanism of the European Monetary System.

At yesterday's fringe meeting, Mr William Rodgers argued that Britain would have been better off if either of the two large parties had endorsed policies of the other party when they were right, and had not automatically criticised them.

The SDP leaders believe that sensible policies and programmes have been attempted during the last 20 years but they have not been adopted for long enough to produce the required results, since the opposing party has reversed them after a general election. This has produced the sharp swings which the SDP believes have been very damaging.

Peter Riddell

Eighteenth Labour MP announces defection

Financial Times Reporter

ANOTHER Labour MP has announced that he is quitting the party and wants to join the SDP.

Mr David Ginsburg, aged 60, MP for Dewsbury, Yorkshire, since 1959, is the 18th Labour MP to do so.

In a letter to Mr John Day, the secretary of his local party, he said he reached his decision after Labour's conference last week at Brighton.

Mr Ginsburg wrote: "I have been increasingly concerned about the party's move to the left in recent years, but I had, nevertheless, hoped that moderate policies would eventually prevail."

He said he would be contacting the SDP with a view to joining the new party and he would be happy to stand as its candidate in Dewsbury.

Alliance faces six in Croydon

ALLIANCE candidate Mr Bill Pitt is likely to face at least six challengers in the Croydon NW by-election.

Croydon's returning officer said yesterday that five people had already handed in nomination papers, excluding the Conservatives' Mr John Butterfill and Mr Pitt.

Several more sets of nomination papers are out, the returning officer said, but the final number of candidates contesting the Tory-held seat will not be known until nominations close at 4 pm on Thursday.

Labour's Mr Stan Boden, who came second in 1979 with more than 16,000 votes, has already handed in nomination papers.

Call for radical new public housing policy

BY JOHN HUNT

MR JIM DALY, the party's housing expert, called for radical new thinking on housing. "We should even be prepared, in some cases, to give property away—to transfer it at nominal prices to housing groups, co-operatives and individuals," he told the conference.

Mr Daly, a former Greater London Council transport committee chairman, was strongly in favour of tenants' co-operatives taking over responsibility for their homes from local authorities.

He strongly advocated some form of equity sharing whereby tenants would gradually become owner occupiers. Under this system the rent is used to build up a stake in the property.

"We would do more than just look at it. We would do it," he said.

He also wanted local councils to give financial backing to small builders and suggested loans over long periods at guaranteed interest rates so that there could be a steady flow of new houses.

More financial institutions should use their funds to promote a greatly increased house-building programme, he maintained, and tax policies should be altered to facilitate this.

Mr Daly welcomed proposals of the Housebuilders Federation for a joint approach between government and the construction industry to bring about cheap low cost housing.

The party's policy proposal to cut back on tax relief on mortgages was distinctly soft-peddled.

Mr Daly hardly mentioned the subject except to reject the idea that the party was against owner-occupation.

Some speakers were strongly in favour, but others feared it might hit first-time buyers.

Glyn Genin

RICHARD CRAWSHAW:

Mr Richard Crawshaw, MP for Toxteth, and former Deputy Speaker of the Commons, came out cautiously in favour of some restriction on mortgage relief but thought relief should continue for first-time buyers.

He argued that it was hypocritical for owner-occupiers to complain of subsidised council rents when they themselves were receiving tax relief.

The party's policy discussion paper suggests that it should first restrict mortgage relief to the standard rate of income tax, then, over a period of three years, it would be restricted to one mortgage in a person's lifetime up to a maximum of £25,000.

High jinks and songs of just the palest pink

They are a warm-hearted lot in Bradford.

As the Social Democrats arrived for the second day of their moveable conference there was a distinct contrast with the gatherings of the previous two days at Perth.

In Scotland the members—although keen—had been constrained as though they were cautiously feeling their way along the new political trail.

In Bradford the applause came more spontaneously, and the audience in St George's Hall seemed to be drawn from a somewhat wider cross-section of the population.

The familiar figures on the platform looked in surprisingly good shape, particularly in view of the convivial high jinks that had taken place on the conference train which brought us all into Bradford at 1 am yesterday morning.

We had been treated to the unusual spectacle of Mr Bill Rodgers and Dr David Owen and their wives joining in a sing-song with a crowd of carousing journalists, drinking glasses held merrily aloft.

The words of a curiously altered version of the Red Flag rang down the corridors as the train hurtled through the night:

The party's flag is palest pink
And old Madeira is a drink,
Through Labour sneers and Tory plot
We will remain a moderate lot.

A roving glee club tracked down Mr Roy Jenkins to his compartment, where the eminent biographer of Asquith and Balfour obligingly joined in a few verses of Lloyd George Knew My Father.

In yesterday's debates there was once again evidence of a strong representation from the small business community.

There were also continued signs that the members of the new party had a clearer idea of what they were against than what they stood for.

They did not want mark II Labour policies but a programme with "vigour, imagination, vitality and flair."

There was a slight touch of old time music hall from Mr Edward Lyons, MP for Bradford West, who was in the chair.

His introduction to Mrs Shirley Williams was in the true Master of Ceremonies tradition, where even the most minor female songster is described as "delightful, delicious, and delectable."

Shirley was, said Mr Lyons, a magnificent human being who endeared herself to all who knew her. She combined great qualities of mind with a warm heart.

Luckily, Shirley lived up to the eulogies by delivering a speech which must rank as one of the most fluent and foreceful of her career.

Departing from her prepared text she tore into Mrs Thatcher and her economic Ministers, comparing them to Field Marshal Haig, who broke down in dismay when he saw for the first time the terrible battlefields of the First World War.

Finally, in a perfectly timed and totally unexpected announcement she said that she was prepared to stand in the by-election which will take place in Crosby, the seat left vacant by the death of Conservative MP Sir Graham Page.

At this, everyone in the hall leapt to their feet with a spontaneous roar of approval to give her a massive standing ovation.

For the first time since the series of conferences started in Perth on Sunday one felt that the Social Democratic bandwagon was really starting to move.

John Hunt

Shirley's gamble: will Crosby be a better bet than Warrington?

BY ELINOR GOODMAN

MRS SHIRLEY WILLIAMS may be taking a gamble by saying she will fight the traditionally rock-solid Conservative seat of Crosby, but it is probably a rather safer bet than Mr Roy Jenkins took when he went to Warrington.

The consensus among the various psephologists in Bradford yesterday is that Crosby is about an even bet for the SDP and that Mrs Williams, with the mystery X factor of her personality, must be in with a good chance to win.

Some of the politicians, however, took a more sober view of her chances. According to one admittedly highly theoretical table of the SDP's "most winnable" seats, it ranks around 390, little better than Warrington.

The constituency is a dormitory for Liverpool. On one side are the two Labour-held Merseyside seats of Bootle and Ormskirk. To the north lies the Tory seat of Southport.

The electorate is predominantly middle-class and has never shown any great radical tendency in the past. When the Liberals were having their revivals in other parts of the country, Crosby was giving its protest votes to local ratepayers' candidates.

Today, the Tories control all but one of the local council wards. Labour has the remaining one. But among the tracts of Conservative territory there are pockets of working-class Labour support, as well as some very affluent areas.

One of the unknown factors about Mrs Williams's candidacy is the effect her religion will have on the electorate. There are said to be a fair number of Roman Catholics in the area, but in nearby Liverpool there are also strong pockets of anti-Catholic feeling, and her religion could work either way.

Her views on private education may also militate against her in a constituency dotted with private schools.

Since the constituency was formed in 1918, it has consistently returned a Conservative to Westminster. Sir Graham Page, who died last week, had a majority of 19,272—bigger even than Labour's majority of 14,280 in Warrington at the last general election.

From the point of view of the SDP-Liberal alliance, however, Crosby has one great advantage: there is already a good third party vote to squeeze.

Whereas the Liberals in Warrington got less than 10 per cent of the votes in 1979, they got nearer 15 per cent in Crosby. This gives Mrs Williams a base of 9,302 Liberal votes on which to build.

She will be trying to win almost all the Liberal votes, and squeeze Labour's 15,496 votes as hard as she can. On top of this she will need to pick up a good slice of the Tory votes.

In the short term at least, Mrs Williams seemed to have improved her standing in the party, despite ruffling some feathers among both senior Liberals and SDP MPs.

Percentage of votes won by the major parties in 1979

	Crosby	Warrington
Con	56.9	28.8
Lab	25.4	61.7
Lib	15.2	9

Hugh Routledge

SHIRLEY WILLIAMS: ruffled a few feathers

No firm strategy to fight pay limits

By Philip Bassett, Labour Staff

PUBLIC SERVICE union leaders were unable yesterday to make any rapid moves towards closer co-ordination of claims and settlements for the coming pay round.

The TUC's public services committee met to examine the likely affect of the Government's announcement of a cash limit pay provision for the public services of 4 per cent and of a TUC Congress motion on co-ordinated action on such pay this year.

But the committee seemed to accept TUC officials' advice that such a campaign could not be fruitfully mounted this year.

Confidential documents prepared for the meeting admitted that "the prospects for achieving successful co-ordination and a common strategy have never been less propitious."

The committee unanimously condemned the imposition of the 4 per cent figure, which it said would "cut standards and jobs in the public services and which was incompatible with collective bargaining."

Mr Geoffrey Drain, chairman of the committee, said after the meeting that it would be wrong to see the documents prepared by the TUC on the issue as discouraging. He said the 1m local authority manual workers, whose claim to be fixed today will be the first major move on public service pay for this round, "would not plough a lonely furrow."

The claim is likely to be for an increase tied to inflation.

However, the General and Municipal Workers' Union will be pressing for a minimum £75, which would mean an increase of 27.1 per cent for the lowest paid.

The TUC's local government committee working party yesterday that a key element in trying to achieve a common approach on local authority pay should be a campaign against "arbitrary and unilaterally determined" Government cash limits.

BSC 'reneging on hours deal'

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE MAIN steelworkers' union has accused the British Steel Corporation of "reneging" on an agreement made in 1979 to reduce the working week to 39 hours from next year.

The executive of the Iron and Steel Trades Confederation yesterday also instructed its officials not to negotiate any local productivity deals with the corporation, pending a meeting between senior ISTC officers and Mr Ian McGregor, the BSC chairman.

Mr McGregor has told the workers that there is no money for a national wage award next year, and that all rises must be on the basis of "something for something"—that is, linked to productivity.

The corporation would not comment on the union's charge that it had broken an agreement on working hours.

Mr Bill Sirs, general secretary of the ISTC, said last night: "I am appalled that the BSC has reneged on this agreement to reduce the working week by one hour. It is very difficult indeed to have good industrial relations when you have an employer who is prepared to refuse to honour an agreement."

The union has appointed a six-man committee charged with meeting Mr McGregor on both the hours agreement and future pay as soon as possible.

Officials of all steel union will meet management in BSC's Teesside division tomorrow, to respond to the corporation's demand for further cuts in the workforce totalling 1,900 jobs.

Last month, Mr Derek Saul, managing director of BSC's sections and special steels division, told representatives of Teesside's 12,500 workers that the survival plan for the division depended on the loss of these jobs, on top of the 3,700 redundancies already largely achieved since last March.

He said he could not recommend the plan to Mr McGregor unless the unions accepted the cuts. Union officials have since said that his comments implied a threat to close the Redcar-Lackenby iron and steel making complex, which employs the bulk of the division's workforce.

The survival plan for Teesside does not include any reduction in its present output of 2.9m tonnes of liquid steel per year.

The ISTC executive discussed the issue yesterday but came to no conclusions before the local officials' meeting tomorrow. The union said after the executive meeting that any cut in the workforce would mean a further rise in the 200,000 hours of overtime worked in the division this year.

Women workers 'worst hit'

By Brian Groom, Labour Staff

MR LEN MURRAY, TUC general secretary, has accused the Government of trying to reduce employment opportunities for women. He also called for the Equal Pay Act, 1970, to be amended to provide the right to equal pay for comparable work.

"Statements by government ministers indicating that in the Government's view, women have less right to work than men, appear to confirm the view of many working women that this Government aims as a matter of policy to reduce their working opportunities," Mr Murray said in a letter to Mrs Thatcher.

Government policies were hitting women hardest, Mr Murray said. Cuts in such services as nurseries and school meals had "a special detrimental effect" on women workers

Further difficulties for women who wished to return to work after pregnancy had been created by changes to maternity rights in the Employment Act, 1980.

In a separate letter to Mr Michael Alison, Minister of State, Department of Employment, Mr Murray reaffirms TUC support for the European Commission's view that Britain's Equal Pay Acts fails to apply an EEC directive

Unions misusing power—Brittan

BY MARGARET VAN HATTEM, LOBBY STAFF

UNION LEADERS who are "politicians first and unionists second" are directly responsible for the present unemployment levels Mr Leon Brittan, chief secretary to the Treasury, claimed yesterday.

"Misuse of excessive industrial power by the unions is the main avoidable cause of high and rising unemployment, he told a women's group in North Dorset.

By forcing up the price of their members' labour they not only forced their own members out of jobs but also directly caused other workers to be thrown on the dole, he said.

"The cost of excessive pay rises is ultimately borne not just by the taxpayer or the consumer but above all by those who are priced out of work.

"That single truth is one which militant union leaders refused to accept—though most of their members understand it well enough.

"They realise that it affects most of all those who lack industrial muscle — young people in search of jobs, people in high unemployment areas where rigid centrally negotiated-wage rates still apply, employees in small businesses burdened with soaring rates and nationalised industry charges levied to cover excessive wage costs," he said.

"It is no accident that the growth of unionisation and, above all of the closed shop has, over the years been associated with successively higher levels of unemployment."

Mr Brittan called on union members to make their leadership more accountable. "It is time for trade unionists to learn from the experience of recent years what a tragic price has been paid for the misuse of power.

"Union members now have the opportunity of insisting that what is done in their name reflects that lesson and is realistic and reasonable."

Mr David Basnett, general secretary of the General and Municipal Workers' Union, said last night that "Leon Brittan is one of the main protagonists of the disastrous monetarist strategy inflicted on all of us by this Government.

"It is due to this Government's deliberate policies that we have the highest rate of unemployment ever — not to trade unions defending living standards of union members.

"Its bankruptcies result from high interest rates and cuts in public spending rather than the closed shop, which is keeping hundreds and thousands of young people on the dole," said Mr Basnett.

Council joins TUC in youth jobs drive

BY OUR LABOUR CORRESPONDENT

THE LEADERS of the TUC and the Greater London Council yesterday called for an alternative to Government policies which they say are destroying jobs for young people.

Mr. Len Murray, general secretary of the TUC said the Government must give a lead to "get Britain's youth working for Britain."

Mr Murray, who was receiving a cheque from the Heinz charity appeal on behalf of the National Children's Home, said "There is a real alternative to the despair which has Britain in its clutches. We have the workers, we have the management, we have the skills, we have the industrial capacity, and in the banks, insurance companies and pension funds of the City of London, we have the financial resources too."

Mr Ken Livingstone, the GLC leader, said that unemployment in London, now 8.8 per cent compared to 5.5 per cent last year, was rising more sharply than in the rest of the country.

He warned that more violent riots would take place next year if there was no Government action on unemployment in inner London boroughs.

The south east region of the TUC is to mount a march and "Festival for Jobs" in London on Saturday as the first of a series of events planned by the TUC on the theme of "Give Youth a Future."

Mr Livingstone said that unemployment in some inner London boroughs now stood at 20 per cent — for example in Tower Hamlets — and said that the Government had yet to respond to the GLC's plan to create 10,000 jobs at a cost of £38m.

He said that the Council had instructed London Transport to fill 3,000 vacancies previously frozen, and has also told the London Fire Brigade to resume recruitment.

Vickers vote against action

By Our Labour Correspondent

FURTHER ATTEMPTS by shipbuilding unions to persuade the 13,500 workers at Vickers shipbuilding in Barrow to support national industrial action at British Shipbuilders failed yesterday.

Representatives of the 1,000 members of the white-collar union ASTMS voted not to take part in the one-day stoppages and overtime ban at all other BS yards. The protest is over the closure of the Robb Caledan yard in Dundee.

Meetings of members of the Boilermakers Society and the General and Municipal Workers Union, will take place today.

Amnesty for journalists who ignored strike

THE NATIONAL Union of Journalists has offered to reinstate 700 journalists expelled from the union for failing to obey an order to strike three years ago.

It will also pay back fines totalling £4,000 to another 100 of its members who refused to join the strike.

The amnesty follows an announcement that it would end a long legal battle with a group of journalists from Birmingham and Coventry who claimed a strike order during a pay dispute in 1978 was illegal.

The journalists claimed NUJ rules called for a ballot if more than half the members were to be affected

The union said as only 8,000 of its 23,000 members had been told to strike, the majority would not be affected. Its decision was upheld by the High Court, but reversed by the Court of Appeal

Merger hearing

JUDGMENT WAS reserved in the High Court yesterday on the challenge by three sections of the Amalgamated Union of Engineering Workers to the refusal of the Certification Officer to approve a proposal for the foundry and constructional sections to merge with the engineering section.

Michaelmas daisy blues

GARDENS TODAY

BY ROBIN LANE FOX

IT IS high time that I wrote about Michaelmas daisies. I am extremely fond of them, but I find that I take them for granted when writing in the autumn and that I never say the things which I feel are important about them. Sometimes I come across an old fashioned border of nothing but these richly coloured flowers.

In large pre-war gardens these beds of asters were often popular despite their long off-season. Nowadays, few can be quite so exclusive, but I am a fan of one particular border which uses its small early-flowering plants in the front two rows and allows the Michaelmas daises to steal up on them in the back against a low stone wall.

Silver leaves, as usual, break up the patches which are out of season, but it is surprising how much of a border can be given over to the late flowering beauties without spoiling the effects for the rest of the year. But you have to be careful which one you choose.

Michaelmas daisies have earned a bad name for disease and a short life. I fear that many of them deserve it. Since 1945, a mass of lovely new varieties were bred into the Novae-Belgii group and occupy most of the space in catalogues and garden centres.

Their master was Ernest Ballard who named many of the best after members of his family, so you cannot go far wrong if you collect a family group. Most have semi-double or double flowers and come in improved shades of lavender blue and rose pink. My own favourite, however, is the beautiful Eventide whose clouds of violet-blue flowers are full and handsomely shaped among the dark green leaves.

No purple red is quite so striking as Winston Churchill, my other top choice, and its flowers verge on a shade of beetroot which was quite out of keeping with their namesake's complexion.

This sounds very fine, but even the good varieties are liable to a late summer mildew which turns them into grey ghosts.

Spraying controls it, but in a damp year it may not stamp it out, and nobody wants to be landed with the bother of yet more Benlate or flowers of sulphur from June onwards. A wretched type of mite has now moved on to many of the most alluring hybrids and although there are sprays which may restrain it, none knocks it out altogether.

If your asters have suddenly stopped setting buds and appear to be blind, this Tarsonemid mite is the culprit, and you should throw it out.

As if this was not enough, you have to reckon with wilt. You all know the nuisance of clematis wilt, but aster wilt is just as common and as much of a bother. The symptoms are brown leaves from the base of the stems upwards which weakens the plants and soon kills them off.

It works as a fungus which settles in the wooded rootstock and sends poison up the stems, like some malicious basement tenant in a high rise block of flats. I suppose you could take cuttings now off the green-growing tips and try them instead, but that is too much of a trouble for such a risk.

To cap it all, these asters like to live well. I am surprised how few gardeners realise this. Their wooded clumps of roots thrust out in search of food and make those tough corns which ought to be divided every three years.

Manure is an aster's best friend. By chance, I have put some plants in a bed heavy with shredded pig manure and I find that they have responded to this gourmet diet with a rush of growth which is matched only by the hosta.

It is a common fallacy that these asters will grow in any old flowerbed because their wild cousins turn up as weeds on waste ground. In fact, they should be laced with manure and never allowed to spend too long without division. The younger roots on the outer side of the rootstock should be cut off with a fork and sharp knife. The rest are better thrown away.

By now you must be wondering what is so marvellous about this unobliging family. Sensible gardeners, I think, will look with suspicion on the loveliness of these newer hybrids, and return to the older varieties. You can cut out wilt, for a start, by choosing the so-called "novae-angliae" varieties which tend to be taller and have rougher leaves.

The colours are not so thrilling, but they are fine plants and ought to be brought back into fashion. They hold their flowers in clusters rather than sprays, but they are tall enough to be cut and used indoors. I am a keen admirer of September Ruby, as good as its name and usefully tall to a height of 4 ft.

The best cut-flower is the true Haringtons Pink, an old variety which outlasts the others in water. Up to 5ft tall, this needs staking but should be divided regularly to give the young shoots a chance. Old plants are a famous test of a man's muscles. I broke my best fork last year on a clump of this variety whose roots are about as hard to split as a telephone directory if you allow them to age for too long.

Older catalogues listed some tempting blues in this group and I wish they were still available.

Without them, I look for blues to the useful amellus group. These are not so tall nor so quick-growing and may show greyish leaves without contrasting mildew. They are easy to split and respond to damp, rich soil, heavy with the manure which gardeners tend to deny them.

I like the clear blue Advance and the bright blue Vanity, but the prize is still the most popular, the large flowered King George, a good deep blue at a height of 2 ft. These are certainly not plants for thin soil on sand or peat unless you prepare it before digging them in.

A friend who has clung to them while others come and go in fancy new forms insists that they are "almost completely disease-free and untouched by mildew." April, he suggests, is the best month for division as these varieties are slower to start into growth.

Choose anything, in short, except the most alluring Novae-Belgii varieties if you want a long and easy life from your daisies.

There are several good old species which ought to be publicised again, especially an odd one called Laterifolius whose stems grow sideways and cover themselves in small, pale flowers like little stars. Early in the summer I would not be without the once-favoured Napsbury, whose big violet flowers show a yellow eye in June at a height of 2 ft.

Wilt is lethal and mildew is so very depressing. Cast your neck a little wider and you can have asters without either vice, but never, please, believe that they are plants which give of their best in poor, dry soils.

RACING

BY DOMINIC WIGAN

Sagamore's chance of honours

GREVILLE STARKEY, whose 21-day suspension ended only yesterday, looks set to bounce back with a win this afternoon at York, where Sagamore is a reasonably confident choice to land him the University of York Turf Club Stakes.

This Frankie Durr-trained Sagaro colt was considered sufficiently promising early in the season to take his chance in Royal Ascot's Coventry Stakes, and although he was not placed he ran well enough to confirm that he could win in the future.

The first of what could prove to be several wins for Sagamore came at Beverley a fortnight ago. There the good-looking Newmarket colt found no difficulty in repelling the challenge of the favourite, Forward, in the closing stages of a 15-runner event over a mile in which the remainder were well strung out.

Although neither a furlong's shorter trip nor a 7 lb penalty will help Sagamore, he will be considerably better off as far as the ground goes. The Knavesmire is riding soft, while at Beverley Sagamore encountered a fast surface.

The selection, whose rider will be back on board To-Agori-Mou in France shortly when the colt renews Goodwood rivalry with Moorestyle, is likely to be followed home by Kenninghall. This stable companion to Pelerin, who was sandwiched during severe scrummaging behind Le Bois at Longchamp on Sunday finished seven lengths adrift of Wattlefield at Newmarket in August before going down by only five lengths to the subsequent Chantilly winner, Glancing, in Ripon's Champion Trophy.

A strong case can be made out for backing Karen's Star to reverse recent form with Miss Redmarshall in the Chesterfield Handicap.

YORK

2.00—Kenson Venture*
2.30—Dawn Ballet
3.00—Karen's Star***
4.00—Sagamore**

TELEVISION

Chris Dunkley: Tonight's Choice

The people whose voices became so familiar on those memorable radio comedy series of our youth (well, my youth anyway) are, sadly, beginning to age and even to fade away. Good, then, to see that Dicky Murdoch is still going strong and even making a new career in such television series as "Rumpole Of The Bailey." Tonight in the last of The Old Boy Network exercises in nostalgia on BBC2 he recalls his parts in such radio shows as "Band Wagon," "Much Binding In The Marsh" and "Men From The Ministry" as well as his other career on the stage.

BBC1's consistently good sports magazine Sportsnight features soccer and show jumping and also a report by Harry Carpenter on Gerry Cooney, a heavyweight boxer who has not only won all his 25 fights (21 inside the distance) thus presenting a serious challenge to world heavyweight champion Larry Holmes, but is white.

If that doesn't appeal you could try the first of funny doctor Rob Buckman's new series on Radio 2 at 10 pm, Get The Most Out of Your Body. And talking of bodies, how pleasant to switch to Parkinson on BBC1 and leer at the more interesting bits of Pamela Stephenson. Of course, I admire her mind and her voice and her mimicry but she does show off her other assets awfully distractingly.

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.05 For Schools, Colleges. 10.00 You and Me. 10.15 For Schools, Colleges. 12.30 pm News After Noon. 12.57 Regional News for England (except London) London and SE only: Financial Report; News Headlines with sub-titles. 1.00 Pebble Mill at One. 1.45 Postman Pat. 2.01-3.00 For Schools, Colleges. 3.15 Songs of Praise from Jarrow. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse. 4.25 Jackanory. 4.40 Stopwatch. 5.05 Newsround. 5.10 The Secret of Steel City.

5.40 News.
6.00 Nationwide (London and South East only).
6.25 Nationwide.
6.55 The Wednesday Film: "Hell Boats," starring James Franciscus.
8.30 Fighter Pilot.
9.00 News.
9.25 Sportsnight.
10.45 Parkinson.
11.45-11.50 News Headlines.

BBC 1 VARIATIONS: CYMRU/WALES —11.17-11.37 am I Ysgolion: Ffenestri. 11.40-12.00 I Ysgolion: Daearyddiaeth. 12.57-1.00 pm News of Wales. 2.18-2.38 I Ysgolion: Hyn O Fyd. 6.00-6.25 Wales Today. 6.55 Heddiw. 7.15 O Dro I Dro. 7.40 Angels. 8.05-8.30 Taxi. 11.45 News Headlines, News and Weather for Wales.

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
4.50 pm Open University.
6.55 Paint!
7.20 Cartoon 2.
7.25 News Summary.
7.30 Games People Played.
7.40 Collecting Now.
8.10 The Body in Question.
9.00 Richard Murdoch in The Old Boy Network.
9.40 Enigma.
10.10 Out of Court.
10.40-11.35 Newsnight.

LONDON

9.30 am Schools Programmes. 12.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 The Music of Man. 1.00 News, plus Weather and FT Index. 1.20 Thames News. 1.30 Armchair Thriller. 2.00 Live From Two. 2.45 "Trouble River," starring Michael Le Clair. 3.45 Looks Familiar: Host Denis Norden is joined by Carol Channing, Elaine Stritch and Lionel Blair. 4.15 Feline Frame-up. 4.20 Animals in Action. 4.45 Dangermouse. 4.55 Stig of the Dump. 5.15 The Brady Bunch: Robert Reed and Florence Henderson in "The Elopement."

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.25 Help! with Viv Taylor Gee.
6.35 Crossroads.
7.00 The Paul Squire Show.
7.30 Coronation Street.
8.00 Only When I Laugh.
8.30 Benny Hill Show with Henry McGee, Jack Wright and Helen Horton.
9.00 Diamonds.
10.00 News.
10.30 The British Fashion Awards.
11.30 The Hammer House of Horror.
12.25 am Close: Sit Up and Listen
† Indicates programme in black and white.

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 2.45 Some Of Our Airmen Are No Longer Missing. 5.15 Here's Boomer. 6.00 About Anglia. 11.30 Then Came Bronson. 12.35 The Big Question.

ATV

1.20 pm ATV News. 2.45 Afternoon Playhouse. 5.15 Survival. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 11.30 Great Fights of the '70s.

BORDER

1.20 pm Border News. 2.45 Scruples. 5.15 Mickey, Donald and Friends. 6.00 Lookaround Wednesday. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 5.15 How's Your Father. 6.00 Channel Report. 10.28 Channel Late News. 12.00 News and Weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.45 Afternoon Playhouse. 5.15 Wild, Wild World of Animals. 6.00 North Tonight. 12.00 About Gaelic—What does it mean to be a Gael? 12.25 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.45 Miracles and Miss Langan. 5.15 Mickey, Donald and Friends. 6.00 Granada Reports. 6.25 This is Your Right. 12.00 George Hamilton IV.

HTV

1.20 pm HTV News. 2.45 Chopper Squad. 5.15 Ask Oscar! 5.20 Crossroads. 6.00 Report West. 6.30 Benson. 10.28 HTV News. 11.30 Police Surgeon.

HTV CYMRU/WALES—As HTV WEST except: 12.00-12.10 pm Ffalabalam. 4.45-5.15 Sion Bili. 5.15-5.20 Dick Tracy. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Taff Acre.

SCOTTISH

1.20 pm News and Road and Weather. 2.45 Afternoon Playhouse. 5.15 Travellers' Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Bodyline. 6.30 Report. 11.30 Late Call. 11.35 Jericho.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. †2.25 "Short Kilts," starring Stan Laurel. 2.45 Story Hour. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Midweek (South East Area only). 11.35 Our Little Town.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where the Jobs Are. 2.45 Scruples. 5.15 Here's Boomer. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life, with Tom Coyne. 10.30 North East News. 11.30 Pavilion Folk.

ULSTER

1.20 pm Lunchtime. 2.45 Afternoon Playhouse. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 12.00 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 Afternoon Playhouse. 5.15 How's Your Father? 6.00 Westward Diary. 10.32 Westward Late News. 11.30 The Incredible Hulk. 12.25 am Faith for Life. 12.31 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 Deeply Regretted By. 5.15 Mork and Mindy. 6.00 Calendar (Emley Moor and Belmont 11.30 The Jazz Series.

RADIO

RADIO 1

(S) Stereophonic Broadcast
‡ Medium Wave Only

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Andy Peebles. 7.00 Radio 1 Mailbag. 8.00 David "Kid" Jensen. 10.00-12.00 John Peel (S).

VHF RADIOS 1 AND 2—5.00 am With Radio 2. 8.00 pm Alan Dell with Dance Band Days. 8.30 The Mitchell Minstrels (S). 9.00 Jimmy Young Sings (S). 9.30 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News, Sport. 6.00 David Symonds with Much More Music (S). 8.00 Soccer Special. 9.30 Jimmy Young Sings (S) (joining VHF). 9.55 Sports Desk. 10.00 Get the Most Out of Your Body. 10.30 Hubert Gregg says Thanks for the Memory. 11.05 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 Two's Company (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued) (S). 9.00 News. 9.05 This Week's Composer: Saint-Saens (S). 10.00 Music for Organ (S). 10.40 Violin Sonatas (S). 11.35 English Wind Music (S). 12.00 BBC Scottish Symphony Orchestra (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Mozart and Bartok Quartets (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Daniel Chorzempa (S). 7.15 Scientifically Speaking. 8.00 London Philharmonic Orchestra: Concert from the Royal Festival Hall, Part 1 (S). 8.40 Six Continents. 9.00 Concert: Part 2 (S). 10.05 One Pair of Ears. 10.20 Michala Petri Trio (S). 11.00 News. 11.05-11.15 Country Dances (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming. 6.25 Shipping forecast. 6.30 Today. 8.35 Yesterday in Parliament. 8.45 Wodehouse: "Bring on the Girls." 9.00 News. 9.05 Mid-week: Pete Murray. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Give or Take (S). 12.55 Weather, Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.50 Senses of Occasion. 4.00 Priestland's Progress. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, Programme News. 6.00 News, including Financial Report. 6.30 The Year in Question. 7.00 News. 7.05 The Archers. 7.20 Ray Gosling—In the House of . . . 7.45 The Good Tempered Humorist (portrait of P. G. Wodehouse). 8.30 Long Ago and Far Away. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Radio Active (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Unforgettables. 12.00 News.

TECHNOLOGY

EDITED BY ALAN CANE

IBM: products and policy

BY ALAN CANE

THE LATEST clutch of product announcements from IBM in the UK illustrates clearly the logic behind the company's decision to rationalise its marketing and manufacturing divisions (see FT, October 2).

It announced:

- Its first private viewdata system.
- The successor to its existing finance communication system.
- A low-cost, desk-top mini-computer.

The company said last week it was scrapping formal lines of division between its Data Processing Division (big computers) General Systems Division (smaller computers) and Office Products Division (typewriters and so on) to create a single marketing and service force. The decision applies only to the U.S. Europe will keep the three products orientated division for the time being.

The viewdata package—a system which allows the use of the public switched telephone network to gain access to the information stored on a computer and display it on a modified television—could have been offered by all three groups.

The IBM viewdata system is a software package which runs on IBM's Series/1 mini-computer. It is now on show at the Viewdata '81 exhibition at Wembley, where Data Processing Division and General Systems Division have a joint stand to discuss their offerings.

IBM viewdata is functionally similar to Prestel, the British Telecom proprietary viewdata, and provides interactive working, message exchange facility and database bulk update capability.

The financial communication system is dubbed the 4700 and is the successor to the well established 3600 range.

It is an evolutionary rather than revolutionary development comprising the 4701 communication controller, the 4704 display control module, three keyboard units and display units.

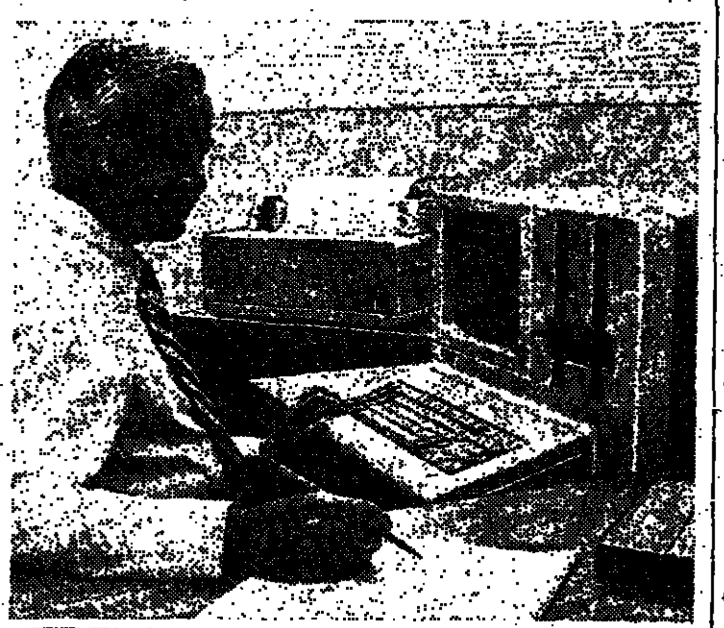
Its release now reflects IBM's judgment that the 3600 was becoming too long in the tooth for comfort and the more economical manufacturing possibilities through the use of advanced microelectronics.

The communications controller is the link between the host computer and the 4700 (or 3600) terminals; the display control module provides power and logic to keyboards, display units magnetic devices and Personal Identity Number pads.

In the UK, Data Processing Division will be responsible for the system—but in terms of the kind of hardware and the use to which it will be put in banks, building societies and other financial institutions, it could have been offered equally logically by GSD—or even OPD.

The last of the clutch is a new low-cost business computer, the System/32. Announced in the U.S. some time ago, the device is intended, IBM says, for a wide variety of commercial applications in small businesses and larger companies with stand alone data processing needs within departments.

The system includes the 5322 workstation with two integral floppy disc drives storing 1.1 megabytes each.



THE IBM System/23 can include two computer workstations and is designed for the first time user

It costs between £2,012 and £3,931 with 32,000 bytes of main memory.

There are two new printers with the system, the 5241 printing 80 characters a second and costing £1,455 and the 5242 printing at 160 characters a second and costing up to £2,136.

The business management accounting software which goes with the system, invoicing, stock accounting, sales ledger, purchase ledger and general ledger—costs £659.

The System/23 is very properly offered by the Data Processing Division. But in the logic of data processing today, there is no reason why such workstations should not be part of a dispersed computing system.

And in a company running such a system there is no reason why information should not be supplied from a viewdata computer to such a terminal.

These are some of the anomalies that cheap computing power is throwing up in the structures of the established computer manufacturers—and why IBM has moved to ameliorate the situation.

Pick and place robot

WITH ITS controller, a new pick-and-place robot arm is believed to be the lowest priced robot available—at just under £500—claims Sands-Whitely Research and Development, Cambridge Road, Orwell, Royston, Herts (0223 207680).

The small arm robot has a reach of 0.45 metre and can lift weights of 250 grams. Its arm can access 360 degrees, has both shoulder and elbow movements through 180 degrees and has a fully swivelling hand with a grip up to 25 mm wide.

The company says the robot can pick and place components to within an accuracy of 1 mm, and its six stepping motors and solenoid are controlled by a specially designed Wideband card which can connect to any parallel input socket in a micro-computer such as Apple, Pet, Acorn, North Star, and so on.

Suffolk fights back in weighing war

SUFFOLK could be regraded as a bit of a backwater as far as technological development is concerned. But one company—it dates from 1760—took a bold decision and decided to take on the Japanese and other foreign competition.

Herbert and Son of Haverhill, Suffolk, makes weighing and pricing machines. Eighteen months ago it was faced with a choice—either to become merely a selling agent for overseas manufacturers or to go it alone and produce a purely British machine, which, it was hoped would compete with other models rapidly coming onto the market.

Herbert took a bold decision. It decided to finance and build a new scale. Colin Cheetham Design Partnership of Hoddesdon, Herts was called in to design and control the components of plastic mouldings, the stainless steel pan and the aluminium casting.

Electronic design and circuitry was entrusted to Gould Electrical of Hainault in Essex and the result, Herbert claims, is in advance of anything produced overseas and should not be outdated at least until the 1990s.

Herbert says that already 500 of their machines are in use in shops and supermarkets. They can be used as stand alone scales, label printers, and cash registers—all as part of an integrated retail system.

For more details the Colin Cheetham Design Partnership is on 09924 64542.

MAX COMMANDER

Watchdog for services

A BUILDING services manager will be able to watch his air conditioning and heating systems from his own desk with an eye on a specially designed module called the MPD (multi-point display) from Satchwell Control Systems, PO Box 57, Farnham Road, Slough, Berks (0753 23961).

The company says it has fabricated the product in response to industry's need for an indicator which will show, on demand, up to 17 temperatures and three humidity levels occurring at that time wherever the sensors are sited.

Several of the MPDs can be clustered together to extend the number of measurements, and it is expected that the instrument will be used in two quite different situations.

In the plant room, say, it will be sited with other matching function modules in the company's Keyboard 700 range. Here it will form part of a comprehensive monitoring and control system which is suitable for application to any type of heating, ventilating or air conditioning installation.

The display module is readily accessible then in the plant room for when it is needed by either the maintenance staff or the building manager when he needs to carry out fine adjustments to the installation.

It is equally suited to the role of remote indicator, says Satchwell, perhaps in the building manager's own office to reassure him that conditions in all areas are as they should be.

Matching seven other units in the company's Keyboard 700 rage, the MPD is said to be compact and look attractive—whether mounted in the main control panel or in a small local panel.

Operation is simple—each of the 20 positions of a rotary switch is associated with one of the 17 temperature and three humidity sensors which the instrument is monitoring.

The listing of each zone and its associated number is conveniently located inside the door of the unit and, when a number is selected, that parameter's value is clearly shown on the LED display on the unit's front.

DEBORAH PICKERING

..POINTERS..

Glory to the dog-eared currency notes

MONEY MACHINE specialists, Advanced Technics and Systems, has produced an improved dual mode version of its Glory GFC-3A currency counter.

A sophisticated error detection system is said to characterise its operation in the prime mode when the user is warned if the mechanism is fed with stuck-together notes, folded, half or dog-eared notes, or otherwise degraded currency.

In the verify mode the machine assumes currency has already undergone a prime count and then proceeds through the verification count at uninterrupted full speed, ignoring any doubtful inputs.

Set to count in batches of 10, 20, 50 or 100 notes (or count in continuous unbatched mode) current count is indicated by a digital display; in the unbatched mode, this can be set to show the cumulative count of all notes fed in to the unit.

It will handle foreign as well as UK currency, a feature, says the maker, that is eminently suitable for mixed currency applications as, say, for bureaux de change.

More from 55, Palmerstown Road, Wealdstone, Harrow, Middx (01-863 9244).

Valve to speed aerosol fitting

A NEW valve which is said to enable aerosol cans to be packed 50 per cent faster than those fitted with standard valves has been developed by Metal Box at its £10m research and development centre at Wantage.

The CLF valve, claimed to ensure the world's fastest filling speeds, is also 33 per cent faster than Metal Box's CL valve.

Metal Box says that the CLF will improve the efficiency and profitability of aerosol fillers at a time when industry is seeking ways out of the recession.

The company has also added a 57 mm size to its Trimline range of tinplate cans first launched four years ago combining a smooth shape with high quality printing.

Memorising the calculated octave

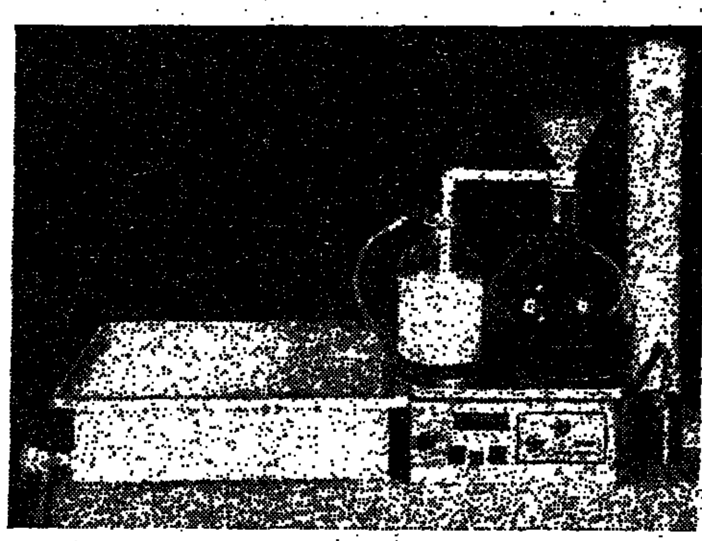
EVEN WHEN the power is turned off, Systema's latest musical calculator keyboard will remember eight notes of any tune as well as perform normal memory calculations and square root and percent functions.

Other characteristics include automatic constant, auto-shut off and—for those who prefer to work without musical accompaniment—a key to turn off the key sounds.

Further from Systema (UK), 25 Kings Road, Reading, Berks (0734 586429).

Acetate plastic to beat static

AN acetate plastic developed in Japan which can resist the build-up of electrical static has been announced in London by Plastek of 3, Strathey Gardens, London, NW3. The company says that the plastic is manufactured as sheets of various thicknesses in clear, tinted or polarised form. It is also available as a self-stick film for application to existing surfaces.



Finding gold in Hatton Garden

THIS UPDATED version of the Redox 2000 XR is a table-top gold refining unit for the jewellery trade. It is now available from Charles Cooper (Hatton Garden) 23/27, Hatton Wall (01 278 8167). The company says that the unit has been enlarged to handle up to 6 lbs of scrap in a single batch. Gold yield is claimed to be 99.9 per cent with a purity of 99.999 per cent. Recovery time is about three hours.

Computer aid for architects

PREPARED for an upturn in work when the recession ends is the Harry Weedon Partnership which has invested in a computer aided drafting system.

Expected to replace manual drafting completely in this architectural practice it has been estimated that 70 per cent of work can now be handled by system working in 20 per cent of the time.

Although the computer is not capable of original design, interpreting a client's brief, or ensuring that buildings comply with Planning and Building Regulations, it can enable an architect to analyse, examine, correct or modify design elements precisely and speedily.

While at work, the architect builds up a full size model of the building in the computer's memory and is able to call for any plan or elevation of the building to be portrayed on the VDU screen.

Should any part of a building need to be examined or modified, he can zoom into the selected area which will be instantly displayed at any desired scale.

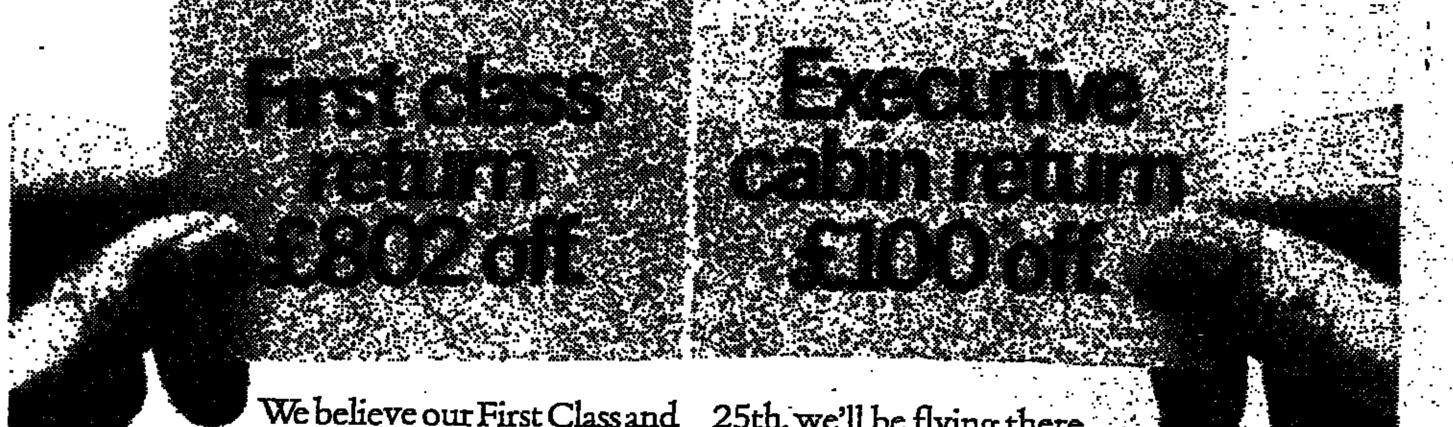
The architect can then use his light pen or digitizer to make alterations which are shown visually on the screen. The full size model in the computer's memory is immediately revised and, within minutes, it produces up-to-date drawings and schedules.

Senior partner of Harry Weedon, Reginald Bidmead, believes that it is inevitable that when the economic pendulum swings back and confidence returns, the building industry—and architects in particular—will be expected to be ready and capable of responding quickly to new demands.

His partnership leases the equipment from GMWC of Berkhamstead.

Lubricant

ROPELIFE, a penetrating lubricant, introduced by K. S. Paul Products has been developed for wire ropes exposed to harsh environmental conditions. It is claimed to extend fatigue life and resists the build-up of internal corrosion. More on 01-807 5566.



CONTRACTS AND TENDERS

THE SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA

MUNCIPALITY OF BENGHAZI

BENGHAZI MAIN DRAINAGE PROJECT

PHASE 2 CONTRACTS

INVITATION OF TENDERS FOR CONTRACT 200A (2)

The Peple's Committee for the Municipality of Benghazi invites tenders from experienced comnies for contract 200A (2) of the Benghazi Main Drainage Project.

The wrk to be executed under this contract is generally as follows:—

1. onstruction of approximately 24 km of foul and stormwater sewers, lateral and ully connections ranging from 150 mm to 2,000 mm diameter.
2. onstruction of approximately 3 km of pumping main ranging from 300 mm diameter to 1,600 mm diameter.
3. Construction of manholes, gullies, inspection chambers and ancillary chambers.
4. Construction of pumping station GT13 approximately 17.0 m x 11.0 m x 10.3 m deep together with associated generator house and gate house on piled foundations, chambers and site works.
5. Construction of pumping station SW11 approximately 19.0 m x 11.0 m x 11.0 m deep.
6. Construction of pumping station 8.3 m deep together with associated generator house and gate house on piled foundations, chambers and site works.
7. Supply and installation of all pumping plant and screening equipment at pumping station GT7, GT13 and SW11 together with all electrical installations and control gear.
8. Supply and installation of standby generators at the two generator houses together with all associated equipment.

Documents for the submission of tenders, comprising conditions of tender.

onditions of contract

General specification, form of tender, particular specification, geotechnical appreciation, bill of quantities and drawings may be obtained from the tenders section of the Municipality of Benghazi on payment of LD 200 Libyan Dinars which shall not be refunded to the tenderer. Tenders shall be addressed to: The Secretary of the Central Traders Committee, Benghazi.

Tenders shall be enclosed in a sealed package marked: Tender for Benghazi Main Drainage Project — Phase 2 — Contract 200A (2).

The package shall bear no name or other mark indicating the sender. A covering letter mentioning the contents of the sealed package shall be attached to the tender, and any tender submitted without such covering letter will not be considered. When submitting a tender the tenderer shall provide a preliminary guarantee deposit in the sum of LD 10,000 Libyan Dinars which will be refunded to the tenderer if his tender is not accepted.

The tender shall be valid and binding for a period of six months from the date of opening of the tenders. Tenders shall be delivered as above at or before 12.00 noon on 12th December, 1981.

CENTRAL TENDERS COMMITTEE FOR BENGHAZI MUNICIPALITY

THE SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA

MUNICIPALITY OF BENGHAZI

BENGHAZI MAIN DRAINAGE PROJECT

PHASE 2 CONTRACTS

INVITATION FOR TENDERS FOR CONTRACT 204A

The People's Committee for the Municipality of Benghazi

Benghazi Main Drainage Project

The work to be executed under this contract is generally as follows:—

1. Construction of approximately 82 km of foul and stormwater sewers. Lateral and gully connections ranging from 150 mm diameter to 1,300 mm diameter.
2. Construction of manholes, gullies, inspection chambers and ancillary chambers.
3. Construction of pumping station GT2 approximately 23. 0m x 14.5 m x 9.0 m deep together with associated generator house and gate house, chambers and site works.
4. Supply and installation of all pumping plant at pumping station GT2 together with all electrical installations and control gear.
5. Supply and installation of standby generator at the generator house together with all associated equipment.

Documents for the submission of tenders, comprising conditions of tender.

Conditions of Tender

Conditions of contract, general specification, form of tender, particular specification, geotechnical appreciation, bills of quantities and drawings may be obtained from the tenders section of the Municipality of Benghazi on payment of LD 200 Libyan Dinars which shall not be refunded to the tenderer. Tenders shall be addressed to: The Secretary of the Central Tenders Committee, Benghazi.

Tenders shall be enclosed in a sealed package marked: "Tender for Benghazi Main Drainage — Phase 2 — Contract 204A."

A covering letter stating the contents of the sealed package shall be attached to the tender, and any tender submitted without such covering letter will not be considered. When submitting a tender the tenderer shall provide a preliminary guarantee deposit in the sum of LD 10,000 Libyan Dinars which will be refunded to the tenderer if his tender is not accepted.

The tender shall be valid and binding for a period of six months from the date of opening of the tenders. The tenders shall be delivered as above at or before 12.00 noon on 12th December, 1981.

CENTRAL TENDERS COMMITTEE FOR BENGHAZI MUNICIPALITY

COMPANY NOTICES

GENERAL MINING UNION CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

PAYMENT OF COUPON No. 114

Holders of Share Warrants to Bearer will receive payment on or after October 1981 at the rate of 31.64939p the amount declared per share less 4741p being South African Non-Resident Shareholders' tax of 15% and surrender of Coupon No. 114.

Coupons must be deposited FOUR CLEAR DAYS for inspection before payment will be made:—

In London: At the London Secretaries Office of the Corporation, 30 Ely Place, London, EC1N 6UA.

In Paris: At Lloyds Bank International (France) Limited or Credit du Nord.

In Switzerland: At Credit Suisse, Zurich, Union Bank of Switzerland, Zurich, or Swiss Bank Corporation, Basle or at any of their branches.

Coupons belonging to holders resident in Great Britain and Northern Ireland will be paid as follows:

	Pence
Amount of Dividend after deduction of South African Non-Resident Shareholders' Tax of 15%	26.90198
Less: United Kingdom Income Tax of 15% on the gross amount of the Dividend of 31.64939p	4.74741
	22.15457

Listing forms can be obtained on application to the London Secretaries.

per pro. GENERAL MINING UNION CORPORATION (U.K.) LIMITED
London Secretaries
L. J. BAINES

30 Ely Place,
London, EC1N 6UA.
7 October, 1981.

NOTE—Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African Non-resident Shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15 per cent instead of at the basic rate of 30 per cent represents an allowance of credit at the rate of 15 per cent.

The gross amount of the dividend received to be entered by the individual shareholder on any return for income tax purposes is 31.64939p multiplied by the number of shares held.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NOMURA SECURITIES CO., LTD.

NOTICE IS HEREBY GIVEN that at a meeting of the Board of Directors of Nomura Securities Co., Ltd., held on September 14, 1981, it was resolved that a free distribution of shares be made to shareholders in the ratio of 0.03 share for each 1 common share of ¥50 each (3 new for each 100 old) as of record date 3.00 pm Tokyo time, September 30, 1981.

With effect from September 26, 1981 the shares will be traded on the Japanese Stock Exchanges ex-rights. Coupon No. 2 will deem to have matured on September 26, 1981, and will be used for the purpose of claiming these rights and Coupon No. 2 should be detached from any EDRs presented for surrender on or after that date.

A further notice will be published as soon as possible giving the date of distribution of the new shares.

CITIBANK, N.A.
London Depositary.

September 7, 1981

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN FUJITEC CO., LTD.

NOTICE IS HEREBY GIVEN that at a meeting of the Board of Directors of Fujitec Co., Ltd., held on September 10, 1981, it was resolved that a free distribution of shares be made to shareholders in the ratio of 0.1 share for each 1 common share of ¥50 each (1 new for each 10 old) as of record date 3.00 pm Tokyo time, September 30, 1981.

With effect from September 26, 1981 the shares will be traded on the Japanese Stock Exchanges ex-rights. Coupon No. 2 will deem to have matured on September 26, 1981, and will be used for the purpose of claiming these rights and Coupon No. 2 should be detached from any EDRs presented for surrender on or after that date.

A further notice will be published as soon as possible giving the date of distribution of the new shares.

CITIBANK, N.A.
London Depositary.

September 7, 1981

SKANSKA BANKEN
US$10,000,000 FLOATING RATE CAPITAL NOTES 1988

NOTEHOLDERS are hereby informed that the applicable rate for the first interest period has been fixed at 18½% p.a. Coupon No. 1 will be payable as from April 2, 1982 at a price of U.S.$46,783.88 which is 18½% interest worked out on a basis of 182/360th covering the period from September 2, 1981 to April 2, 1982 inclusive.

The Fiscal Agent
Scandinavian Bank Limited
London

SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA

The Secretariat of the General People's Committee for Agrarian Reclamation and Land Development invites the general tendering for 27 henneries each of a capacity of 5,000 chickens, and 33 incubators, each of a capacity of 10,000 chickens—in the Jamahiriya.

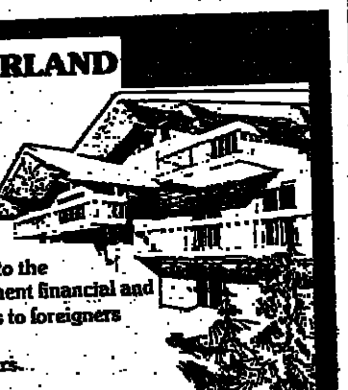
All necessary technical specifications for the henneries can be requested from the Department of Poultry Project during working hours (8.00-14.00). Telex No. 20150.

Bidders must submit their offers together with certificate of experience for all executed works in the field of establishment of poultry farms. The latest date for submitting offers will be 15th October, 1981 at 10.00 am.

The Poultry Project Secretariat of the General People's Committee for Agrarian Reclamation and Land Development.

RESIDENTIAL PROPERTY

SWITZERLAND



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SWITZERLAND

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AMERICAN EXECUTIVES

seek luxury furnished flats or houses up to £350 per week
Usual fees required
Phillips Kay & Lewis
01-839 2245

IN THE HEART OF MAYFAIR LONDON

Luxury apartments in this Georgian-style preserved building adjacent to the London Hilton. The flat is fully furnished and ready to step into. Double bedroom, double reception, dining hall, bathroom and fully-equipped modern kitchen. Total area 74 sq. m. plus a magnificent 72 sq. m. south-facing veranda and an impressive entrance. Air conditioning, porterage, underground car parking. 996 year lease. Currently being rented to selected tenants at £375 per week, £128,000 o.n.o.

SCOTT GARDNER & CO.,
77 Gloucester Road, London SW7. Tel: 01-373 7882

COSTA DEL SOL

LUXURY BEACH APARTMENTS AND HOUSES

In quiet uncrowded residential area away from tourists, discos and tower blocks, etc., but easy access to city and airport. Available for immediate occupation.

£13,000-£33,000
or 50% over 5 years
Villas built from £22,000-£87,000,
Details from ASTONS
01-578 0203

SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA

SECRETARIAT OF LIGHT INDUSTRIES
Post Box No. 4388, TRIPOLI, SPLAJ.
Cable address: TASNIALIBYA - Telex No. 20471

TENDER COMMISSION

NOTICE

FOR PUBLIC TENDER NO: (3/81) FOR THE ESTABLISHMENT OF FACILITIES FOR COLLECTION OF OLIVE CAKE AT DIFFERENT LOCATIONS IN SPLAJ

The TENDERS COMMISSION of the SECRETARIAT OF LIGHT INDUSTRIES puts to Public Tender, the establishment of facilities for collection of Olive cake at different locations in SPLAJ in which specialized International Companies who have previous experience in the establishment of such works are invited to participate in accordance with the following conditions:—

1. The General Conditions booklet, the technical specifications and Tender Documents to be drawn from the SECRETARIAT of TENDERS COMMISSION of the SECRETARIAT OF LIGHT INDUSTRIES, at its offices at Fath. St. during official working hours against a cost of (L.D.20/-) (TWENTY) Libyan Dinars non recoverable.
2. TENDERS shall be submitted on Tender Documents prepared by the SECRETARIAT indicated in item (1) of this notice signed by the participants and shall be delivered in closed envelope sealed by seal wax which in turn shall be placed in other wax sealed envelope. The name and address of the SECRETARIAT OF LIGHT INDUSTRIES and the number of this TENDER shall be written on the inner envelopes with an indication that they contain a TENDER for the establishment of facilities for collection of Olive cake at different locations in SPLAJ. It shall be sent by Registered Mail, postage prepaid or shall be delivered by Hand to the SECRETARY of the TENDERS COMMISSION OF THE SECRETARIAT at Al Fatch St. (El Saat), TRIPOLI/SPLAJ, in the SECRETARIAT'S OFFICES during OFFICIAL WORKING HOURS. Such delivery shall be against a receipt to contain the name of Tenderer, and date and hour of delivery. However, in all cases, the **TENDERS SHALL BE DELIVERED NOT LATER THAN 12 O'CLOCK NOON OF 15/10/1981.**
3. The Tenderer shall enumerate in his TENDER, his previous experience in executing similar work and shall support such data by sufficient instruments and documents which should be attached to his TENDER. Furthermore, he shall attach to his TENDER all instruments, documents and licences permitting him to perform such work.
4. The TENDER shall remain valid and binding to the Tenderer who may not withdraw it as from date of its delivery by Tenderer and for a period of (90) NINETY days, which shall be calculated as from the last date indicated for acceptance of TENDERS (opening of envelopes date), indicated in item (2) of this NOTICE.
5. The Tenderer shall attach to the documents of his TENDER a PROVISIONAL GUARANTEE amounting not less than ½% (half percent) of the Total Cost of the TENDER. TENDERS **not accompanied** by a FULL PROVISIONAL GUARANTEE shall not be considered. Such GUARANTEE shall be either in cash paid to the SECRETARIAT Treasury or by an accepted cheque certified by the issuing Bank or by a letter of guarantee issued by a local bank. The said letter of guarantee shall not be subject to any reservation or condition and shall contain a stipulation as to its being irrevocable and that it is payable at the SECRETARIAT'S first demand irrespective of any contestation by the body who delivered it or any third party.
6. The successful Tenderer shall deposit in the SECRETARIAT'S Treasury within a period not exceeding twenty (20) days as from the date of notifying him of acceptance of his TENDER, a final guarantee equivalent to 5% (five percent) of the Total Cost for which the Contract is adjudicated.
   This guarantee shall be submitted in the same mode and procedures adopted for the provisional guarantee and in the manner defined in the General Conditions of this TENDER.
7. TENDERERS or their officially authorized representatives may attend the envelope opening session to hear reading of prices.
8. The PROVISIONS of the ADMINISTRATIVE CONTRACTS REGULATION and CONTRACTING WORK REGULATION shall apply to this TENDER and to the Contract to be concluded with the successful Tenderer with whom the TENDER adjudicated and with whom it shall be decided to conclude a Contract. The said REGULATION is considered as an integral part of this Contract.
9. TENDERS arriving after the defined time for opening of envelopes indicated in item (2) of this NOTICE or which is not accompanied by a FULL GUARANTEE fulfilling legal requirements shall not be considered.
10. The SECRETARIAT has the right, according to its absolute discretion, to accept or reject any TENDER without indicating reasons.

TENDER COMMISSION:
SECRETARIAT OF LIGHT INDUSTRIES.

TRIPOLI,
S.P.L.A.J.
Dated: 5th October, 1981

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The electronic drawing board that links design and manufacture

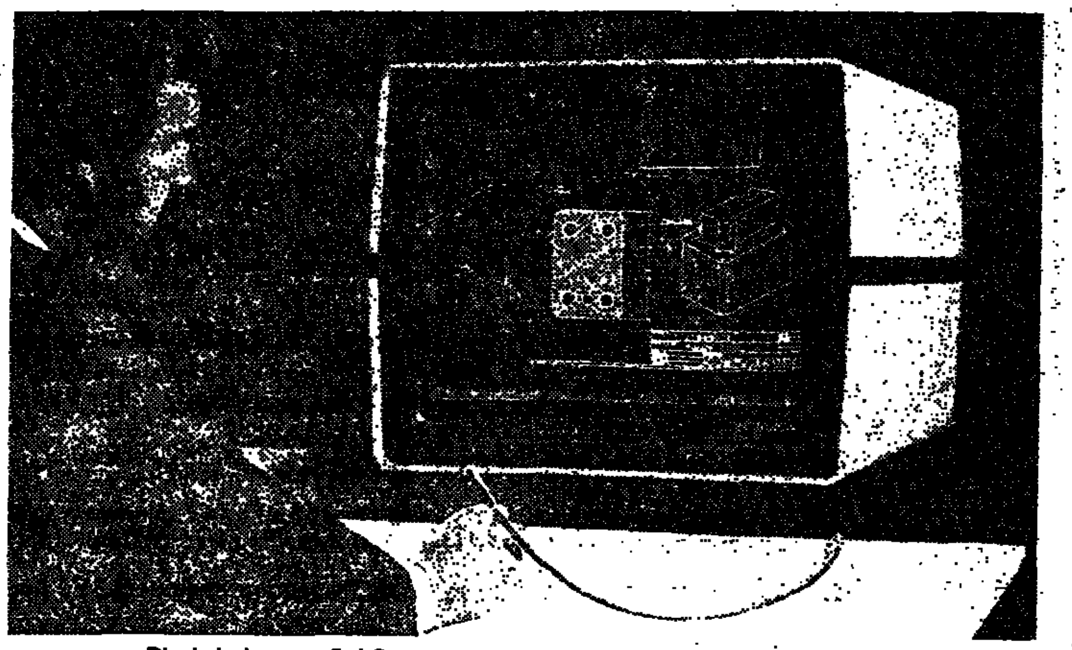
Lorne Barling reports on a Cad-Cam course at Warwick University

ONE OF the most direct roads to improved productivity in industry can be the use of computers as an aid in both design and manufacturing. Known as Cad-Cam, the process is not without its pitfalls, however, as some major companies are discovering to their cost.

It is already acknowledged that the use of computers and the necessary software can enable the design and modification of engineering components to be speeded up dramatically, since a designer—working in three dimensions on a computer linked screen—can virtually eliminate all subsequent drafting work.

This work can then be taken a step further with Cad-Cam integration. For example, a computer tape of a component design can be fed into a computer numerically controlled machine tool and the component manufactured automatically.

A number of cost-conscious engineering companies have been going down this road in recent years and some of the problems of integrating the two functions of design and manufacturing are now being resolved by a group at Warwick University, led by Professor Kumar Bhattacharyya, professor of manufacturing systems in the department of engineering.



Die designing on a Cad-Cam system similar to that used at Warwick University

Gulf

Bhattacharyya believes that the underlying cause of industry's difficulty in getting the best out of Cad (computer-aided design) and Cam (computer-aided manufacture) in separate or integrated forms, stems from the gulf between academic training and the practical use of the equipment in industry.

In an effort to bridge the gap, a new course has been introduced at the university's Arden House, which is equipped with a Computervision Cad-Cam system. The course, known as the integrated graduate development programme, will be used initially by BL, Lucas Industries and Rolls-Royce.

Interest in the course is now growing, and a recent introductory seminar on the scope of the training was attended by representatives of companies such as Ford, Massey-Ferguson, GKN, Dunlop, Perkins Engines and GEC Turbines.

The need to speed up the use of Cad-Cam, a field in which Britain is well behind the United States and some European countries, is recognised as much by official bodies as by industry, and the Science Engineering Research Council is backing the Warwick course. It also funds other training of this kind in conjunction with the Department of Industry.

Professor Bhattacharyya says: "One of the major problems with industry today is that new technology is applied on an ad hoc basis. New technology gets bogged down in the day to day problems of manufacturing and industry has suffered from being unable to attract and retain high quality graduates."

He believes these three problems are closely related and can only be solved by providing both practical and academic Cad-Cam training for graduates, enabling them to form broader views on the best application of the technology within particular industrial circumstances.

It is hoped that the course, which is split between training at Arden House and practical work at a trainee's own company, will also provide the background for more stimulating work for graduates, encouraging them to remain in industry.

One of the most disappointing aspects of Cad for industry has been its failure—in the short term—to live up to cost saving expectations. Indeed, costs have often risen initially, due to high capital expenditure and the need to train designers and draughtsmen in the new techniques, reducing their normal work output and cutting into the productive time of the equipment.

The use of the Arden House course will, it is argued, encourage more effective use of company Cad-Cam systems and at the same time allow companies to benefit from the time the graduate trainees spend doing practical work for them during the course. The courses last a total of four weeks, of which half is spent at Arden House, where there is a capacity for around 750 trainees per year. The first courses, for BL, Lucas and Rolls-Royce, begin this week.

Also available under a scheme sponsored by the Smallpiece Trust are short manufacturing design courses for smaller companies. These are seen as increasingly important with the advent of a number of cheaper less sophisticated Cad systems. Representatives of larger companies will attend on a fee paying basis, at a cost of around £250 per person per week, including residence.

Bhattacharyya does not claim that Arden House can do more than provide unbiased theoretical and practical training and points out that it is then up to companies to justify the economic use of their systems. The courses are also likely to benefit Arden House, since instructors will themselves learn from the practical problems experienced by trainees at their own companies.

Computervision, a major supplier of Cad-Cam systems, believes one of the advantages of improved training will be the ability of qualified people to inform senior management, in straightforward terms, of Cad-Cam's potential. "There is no clear cut concept in management of what can be achieved and people are now going for flexibility often with the result that they are using a sledge hammer to crack a nut. The technical jargon is also causing considerable anguish," says Allan Stevenson of Computervision.

"There are two levels of training. One for practitioners and another for senior and middle management to show them that it isn't just another computer tucked away at the end of the corridor, but something they ought to be involved in."

Proficient

One of the first companies to send trainees to Arden House will be Land Rover, which has been operating a Cad system since August, but which has not yet taken the next step into computer-aided manufacturing.

Pat Weare, who recently joined Bhattacharyya's team at Arden House from Land Rover, believes senior management should not expect too much from systems initially. "People can become proficient in the use of Cad quite quickly, but the real benefits take time."

The absolute minimum cost of a Cad system is now around £60,000, including software, but this figure is expected to come down as new models come on the market, although reduced computer capacity means fewer terminals or a slower work rate with a larger number of terminals.

BOARDROOM BALLADS

GOG AND MAMMON

Measured by the linear mile
Of pin-stripe and the absent smile,
Directors of financial matters
Lugubriously focus at us
Unenlivened eyes of gloom,
Spreading prophecies of doom.

★

Armed with thicker files of figures,
His cold and bloodless presence triggers
Terrifying threats of sorrow,
And final bankruptcy tomorrow.
His steely and incisive glance
Demolishes the others' plans,
Reducing to a trail of losses
The forecasts of the other bosses:
And turns their every flow of cash,
Negatively into ash;
Conveying to them all, the while,
The notion that they're infantile.
Which, even if it's true's, a pity
Since connections in the City
Make his prospects of survival
Safer at the End's arrival.

★

The prospect of the finance function,
Administering the extreme unction,
Is at one with other signs
That its origin's divine;
Its practitioners convey
That they have not feet of clay;
And their expertise relies
On mysteries beyond our eyes.
They carry their preposterous sham on
Acolytes of God and Mammon;
Invoking on us, if they choose,
The dreaded thunderbolt of Zeus
For holding not enough in awe
Of interest rates and company law;
Or, in our sinfulness, apply
The sacred rules of R.O.I.

★

So this is why directors bow
And scrape before their sacred cow;
Or cannot penetrate the fog
Created by their boardroom Gog;
And also why ambition withers,
And hope and innovation slithers,
Down the ever-open jaws
Of financial dinosaurs.

★

I suggest that they be rated
Highest when excommunicated;
And their salaries be docked
Until they get themselves unfrocked.

Bertie Ramsbottom

NEXT WEDNESDAY: THE PRODUCTION DIRECTOR

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Problematic neighbours

Our company has recently purchased a small hotel as freehold property. On either side of our property, neighbours keep extremely untidy and unkempt gardens, to the extent that weeds and grass grow through their own gardens onto our car park, thus making their gardens very noticeable to our guests. Both neighbours refuse to comply with my reasonable requests to tidy their gardens. Could you tell me what legal options are open to me?

There is basically nothing that you can do in law. You can refer the matter to the local authority's health department if there is a risk of vermin breeding; or you can take action in law if the adjoining plots become a nuisance (e.g. if large quantities of thistle were seeding in your land from the adjoining plots). But it requires very serious neglect to arrive at such a position, and there is no basis on which you can resolve the mere unsightliness of the plots.

Starting up in leasing

A colleague who is being made redundant is considering starting up a leasing business later in the year but has been given conflicting advice as to the umbrella under which he should trade—incorporated company or as an individual trader. One of his informants maintains that the Revenue will not allow him capital allowances if he trades as an individual. Is this so, and if it is, what is the relevant Finance Act?

Your colleague should invest part of his redundancy pay in disinterested professional advice. Trying to avoid the expense of guidance through the financial maze and minefield of leasing is likely to prove to have been a false economy. The particular capital allowances pitfalls which his informant appears to have in mind are to be found in chapter II of part III of the Finance Act 19[illegible]. As a first step, he should ask his tax inspector for a copy of the free leaflet IR 28 (Starting in business).

Business courses

Financial Approaches in Retailing, London. November 16. Fee: £135 (plus VAT). Details from The Retail Management Development Programme, 5/6 East Street, Brighton, Sussex BN1 1HP.

Computer Aided Manufacture and Design, Southampton. November 3-5. Fee: £195 (plus VAT). Details from Seminar Secretary (CAM), Computational Mechanics Centre, 125 High Street, Southampton, SO1 0AA.

The International Finance Conference, Vienna. November 4-6. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

Towards ADA, Newcastle. November 3. Fee: £86.25 non-members, £74.75 members of the British Computer Society. Details from David Seekines, Conference Organiser, 2 Duke Street, Bedford MK40 3HR.

Introduction to the Hardware and Software Microprocessors, London. November 19-20. Fee: £180. Details from Central Information Service, University of London, Malet Street, London WC1E 7HU.

Brazil—Today's Business Opportunity, London. November 26. Fee: £85 (plus VAT). Details from the Brazilian Chamber of Commerce in Great Britain, 35 Dover Street, London W1X 3RA.

Quality Circles—Theory and Practice, London. November 2. Fee: £90 (plus VAT). Details from David Hutchins Associates, Index House, Ascot, Berks, SL5 7EU.

Alternative Futures — using scenarios in strategic planning, Uxbridge. November 17-18. Fee: £200. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH.

Wigmore Hall

Oboes & violin

by DOMINIC GILL

The penultimate concert on Monday night of the current GLAA Young Musicians series presented a clutch of talented young oboes and a solo violin.

I have never personally gone overboard for large doses of solo oboe: and three of them together and unaccompanied can amount to no less than indecent exposure. The sonority is greatly improved by the substitution of a cor anglais for one of the oboes, and if three reeds must make music together, best of all is a trio of oboe, oboe d'amore and cor anglais.

It was for that very combination that Gordon Crosse was commissioned to write his new *Fear No More* by the Trio Cannello: an austere and twilit essay 13 minutes long, hesitant in utterance, its harmonic colours and ritualistic alternation of contrasting refrains reminiscent of Stravinsky's *Symphonies of Wind Instruments*. I found its dryness and very lack of flamboyance combined with such a powerful current of lyricism, strangely haunting. For the rest, the Cannello in full triple-oboe attack (it was Benjamin Britten who was supposed to have compared the sound of the staccato oboe to "a baby farting") gave us a bucolic little sonata by Boismortier; Beethoven's splendid short set of "Là ci darem" variations; and so *Five Pieces* for oboes and cor anglais by Alan Richardson (1904-78, husband of the late and much lamented Janet Craxton)—a sad, jolly little collection, magical evocation of a rainy day in Manchester, 1947.

The violinist was Paul Barritt, a new familiar member of a number of London-based ensembles. His account of Beethoven's first sonata (op. 12 in D major) was curiously level-minded and dry-toned, more of an orchestral leader's performance than a soloist's, prudent and useful rather than inspiring. He gave the Janacek sonata with more apparent relish, tonal subtlety and pungency of attack: a vision fully-formed here at least, if once more at its climaxes a little unstylishly laconic. Barritt and his pianist William Howard discreet and sober in the Beethoven, more expansive and inclined to take risks in the Janacek—I also played a new piece, *Music for 247 strings*, by Judith Weir. The 243 strings of the piano with the four of the violin make up the number of the title: 10 tiny duos, each a minute long, chiefly in rhythmic unison, only at their "climax" desynchronised — fragile, bittersweet, oddly engaging. The talent may be unfocused: but the vision was both original and real.

'An Evening's Intercourse' with Dame Edna

Dame Edna Everage is returning to the West End in a new show, which will run for a 10-week season at the Theatre Royal, Drury Lane. It is called *An Evening's Intercourse*, and with her will be Sir Les Patterson, Sandy Stone and Phil Philby.

The show opens on February 4. "Book now to avoid New Year heartbreak and the scorn of your peers," advises Dame Edna.

Television

Nasty old habits creep back

by CHRIS DUNKLEY

Having recently returned from Italy where the news comes with mood music and Tuesday night television affords the sight of a blonde dressed only in a thin yellow vest with strawberries embroidered over both nipples casting horoscopes in a deep throaty voice while the night sky revolves behind her, I had intended to begin this column with a hearty welcome to our own autumn season.

Even if it isn't Britain's greatest cultural arsenal (and that is arguable) it does contain some good things, ranging from an odd but gripping *Othello* and a derivative *Great Expectations* to the bafflingly undervalued talent of Neil Innes in a new batch of *The Innes Book of Records* with its unique mixture of affection, derision and minutely observed parody.

But all that will have to wait because the week also brought a sizable collection of new documentaries and while some were ethically unexceptionable, indeed admirable, others suggested that nasty old habits are beginning to creep back and it is time to sound the alarm again.

Since the word "documentary" was first applied to film by John Grierson in 1929 dozens of different approaches and techniques have had the word tagged onto them. Not all involved the "verite" style: Grierson himself once described documentary as "the creative interpretation of reality" which could be a definition of "faction" (though I don't believe he meant it that way) and some of the most celebrated old "documentaries" contain large chunks of reconstruction or straightforward acting.

Now television, building on the cinema's foundations, has developed a series of variations of its own. At one end of the spectrum you find Roger Graef's purist "fly on the wall" style where the film maker intrudes as little as possible on the subject but shoots thousands of feet of film and edits it down with a wastage rate of anything up to 50:1 to achieve a hard kernel of information. It is long-winded, expensive, and does not ensure entertainment but the result can be as near to an objective representation of reality as film making has yet managed.

At the other side of the spectrum is the work of Granada Television's Drama Documentary Unit in which everybody you see is an actor and all the lines have been scripted. One technique is not better than the other; they were developed for different reasons, Graef's method only making sense when the camera can have unrestricted access to the subject (as with his film about the UN and his current project on the police) and Granada's when the camera has no access at all (as with their last film about the Czech spring and their current project on Poland).

Nor is one method more trustworthy than another. Only people can be trustworthy and as with any other mode of communication the public's sole indicator is track record: experience of previous work by the film maker or group, judged against subsequent objections and criticism and measured against other trusted sources. For years now the BBC has been making documentaries about the British armed forces and we know what to expect: respectfulness, exciting activity, and a wistful ring of Henty or Biggles. The fourth part of BBC 1's *Fighter Pilot* suggested that this is just such a series, competently made and, in this episode capturing in the anxieties of the student pilot going solo (and even more in his instructor) just those individual foibles so beloved of film makers working in this area.

Sometimes the business of trustworthiness is right up front: instead of the characterless voice-over of *Fighter Pilot* you have a known reporter who actually appears on screen and presents the material as Ludovic Kennedy does in the BBC 2 series *Enigma* about mysterious disappearances. Though he has doubtless been helped, perhaps more than helped, by researchers in this series (with television the public can never be quite sure of real responsibility unless told) Kennedy's own notable record in investigating mysteries—"Ten Rillington Place" and so on — is such that these programmes hang on his reputation.

The week's most conventional television documentary fell into the same category of technique: BBC 1's study of changes in pawnbroking, *Pop Goes The Weasel*, was presented by Kenneth Hudson, but his credibility was scarcely an issue. The dependability of his interviewees might be questioned, perhaps: did the old Cockney's father really paint "Not to be pawned" on his combinations or was that just a favourite family story? The viewer is in as good a position as anybody to decide.

Tales of Twelve Cities is different: not only do we see the presenter but the entire programme, judging from Episode 1 anyway, emerges from his predilections which, in the case of wry Alan Bleasdale means a Liverpool peopled almost exclusively by comedians.

But however much their techniques may differ there are some characteristics, two in

Richard Griffiths and Lyndon Brook in Prisoners of Conscience

particular, which good documentary film makers share. First, knowing that the public has over the years, however sub-consciously, learned to discern different, discreet types of documentary, they do not switch unannounced from one method to another within one programme.

And second, whatever their methods and whatever their aims they convey them clearly and honestly to the viewer. That applies to Graef and his school and to Granada and their school and we have reached the stage, I believe, where the only reason for *not* declaring aim and method is that both are self evident as with *Tales of Twelve Cities*.

In London Weekend's *Starting Out: An Inquiry into London's Schools* aim and method are not at all clear. Perhaps they were explained in Episode 1 but that isn't enough. Watching last week it seemed like a very literate piece of prose polemic to which had been added those more or less illustrative pictures which supported a preconceived thesis. Perhaps that is wrong —but who knows?

Prisoners of Conscience, a BBC2 series with the admirable purpose of publicising some of the more disgusting abuses of human rights, opened with the story of William Beausire, tortured in Chile. Since Beausire has not been seen since 1975 he had to be portrayed by an actor (a deeply felt performance by Richard Griffiths). But how were we supposed to know whether the person presented as his mother was real or an actress? "By hunting through Radio Times" isn't a good enough answer.

The week's most surprising disappointment was ITV's *De Lorean* because it was made by Don Pennebaker, the American director who in the 1960s made the Bob Dylan film *Don't Look Back* and *Monterey Pop* which, though over rated, were both impressive. This new film, about the De Lorean sports car project in Northern Ireland adopted a fly on the wall stance but garnered so little coherent information that it was necessary to add clips from other people's programmes to explain what had been happening: not just a pollution of the method but a tacit admission of failure.

Yet at least the technique and its modifications were obvious in that programme. What seems to me really reprehensible is to make programmes which look as though they use the conventions of one technique when in fact they are an unholy mixture of several. From time to time Yorkshire Television has shown a fondness for this: *Johnny Go Home* and their *Once In A Lifetime* series were made to look like "fly on the wall" material. But if you watched closely and thought carefully you could deduce that from time to time the flies must be switching off their cameras and coming down to tell the subjects what to do before getting back up on the wall.

The first in BBC 2's *Forty Minutes* series looked suspiciously similar, though the viewer could not be certain—which is just the point; the viewer *should* be certain. We watched one seemingly impromptu chat in a shop (I think) which ostensibly continued uninterrupted while the camera first shot in one direction and then, presumably after re-positioning tripod, lights, camera, and so on, from just the opposite point of view—all without any apparent break in the conversation. The same thing happened later during a long Welsh gush of praise for the view and the whin berries: we listened to an uninterrupted monologue and observed the speaker from inside and outside the window yet without ever seeing a second camera.

If producer Karl Francis did not "arrange" that then how was it done? And if he did arrange it was there anything in the programme that he did not arrange? What about the row over women playing snooker, and indeed the "fracas" between the two men at the very centre of the programme which we were supposed to believe resulted from shame over unemployment? Was that "arranged" too I think we should be told. . . .

Swiss musical September

by RONALD CRICHTON

For the 36th year, the "musical September" that begins in late August and continues until early October and is in fact the annual Montreux-Vevey Festival, spread itself over the Eastern tip of the Lake of Geneva. Once again the scheme embraced the Clara Haskil Piano Competition and a big event in the gramophone world—the *Montreux Prix Mondial du Disque*. A cluster of stars descended one after the other on those hospitable shores —Rostropovich, Brendel, Jessye Norman, Amoyal, Holliger, the Beaux Arts Trio, a trumpeter from the U.S. called Carole-Dawn Reinhart, several orchestras or ensembles from East Europe. There must have been enough to go round even if some of those announced, like Richter and *I solisti veneti*, did not turn up. They play in halls, churches, theatres and castles (two chamber concerts at Chillon) in the two adjoining towns that give their name to the Festival, and at Martigny up the Rhone valley.

Not for the first time a glance through the brochure suggests that who plays is thought more important than what is played. Apart from a work by the Czech Suchon and a sonata by Furtwängler practically the only music of this century was Bartok's Concerto for Orchestra and Divertimento, and this in a part of Europe which has given rest and refuge to numbers of eminent musicians (Stravinsky high among them) and produced a very effective champion of the music of his time—the conductor Ansermet. As for Swiss music, I don't think a note was included this year.

A visit to Geneva seemed to demand a closer inspection of the Montreux - Vevey programmes, whereupon one flushed out a real novelty — a whole evening of organ music by Beethoven. What we heard from the Italo-Argentine Giorgio Carnini in the church of St Martin at Vevey, as it turned out, stretched the term "organ music" a little far. The programme was a repeat of a recital given under the auspices of (but presumably not at) La Scala, Milan. Mr Carnini played a handful of small pieces dating from Beethoven's early years at Bonn when he was studying with Neefe and immersing himself in Bach. Some (the two Preludes of op. 39) are for organ or pianoforte, others (a Prelude in F minor and a Fugue in C) are given in the New Grove work list as piano works! The Preludes would serve well enough for voluntaries, but the rest (including some more fugues) offered little apart from their unfamiliarity.

Much more distinguished was a two-movement Trio (in the sense of three voices—two manuals and pedals) in E minor. Bachian and meditative and so far untraceable in the work list referred to. The programme note "after" Piero Buscaroli was not much help. Mr Carnini ended with a "Suite" for mechanical organ (not a pipe but a cylinder organ) consisting of three separate pieces, listed as WoO 33 Nos. 1, 2 and 3. These brought one abruptly from the world of Bach to the realm of Papageno. Their prettiness was, however, put in the shade by the encore—the Andante in F written by Mozart for mechanical organ only a few years earlier. Mr Carnini aped the tootlings and tinklings with some skill—presumably the slight hesitations typical of mechanical instruments were deliberate. Elsewhere, except in the E minor Trio, the player did not suggest long acquaintance with the Vevey organ.

Lyric, Hammersmith

Roll on Four o'clock!

Colin Welland's varied career has stretched from appearing in *Z Cars* to the big bad world of films (scripts for *Yanks* and *Chariots of Fire*). It warms the cockles of your heart, I suppose, to see him reminiscing in this stage version of an earlier television play about his days as a teacher in a Lancashire secondary modern in the 1960s.

The world is accurately portrayed, and I speak as one who once told the smallest pupil of 3D, Glengall Secondary Modern, on the Isle of Dogs, to write out one hundred times "Waring by name and wearing by nature." The ghastly Victorian edifice of the Lancashire school is cleverly described in Chris Kinman's design. Reactionary teachers, time-servers smelling of chalk dust, report unwillingly for duty in beige macs and bicycle clips. The new arrival from art college (Philip Martin Brown) is patronised in the staff room. The Welsh woodwork teacher (Windsor Davies) with a genuine soft spot for those rows of gleaming faces exchanged his demob suit for a crumpled brown house coat 20 years ago.

For all its keen observation, however, the play is structurally weak. Devoid of any plot or real tension it eventually settles for discussing the plight of a persecuted fourth former, Latimer, whose physical frailty is, of course, a sign of latent homosexuality. Always cringing round the staff room, Latimer finds support from the old-fashioned art master (Clive Swift) but suffers a severe bruising at the Christmas party as the other lads, egged on by a teacher who dislikes him, indulge in a working-class equivalent of the Eton Wall Game.

What pulls the evening together is the work of Mr Welland as director. The show is full of wonderful set-pieces: Clive Swift instructing a class to mould clay by the right before sliding into a rousing chorus of "Dry Bones"; a Christmas show rehearsal with King Herod supported by scarf-waving Galileans: and Glyn Owen as the brow-furrowed headmaster.

MICHAEL COVENEY

Sadler's Wells

Sydney Dance Company

The most interesting work in the Sydney Dance Company's third programme on Monday night seemed to me the excerpt from Graeme Murphy's full-length *An Evening*. The section uses Richard Meale's second string quartet to examine relationships, personal as well as artistic, which exist within the troupe. And because it requires its cast to behave like themselves as dancers — rather than as oriental trapeze artists which was their hapless lot in the horrible *Scheherazade* which opened the evening — there was at least an air of honesty about the piece.

The activities displayed in the ballet's five movements were at moments obscure, as any insider's view of a company must inevitably be, but by its very unpretentiousness, the choreography looked direct and to the point, and I admired the scherzo for Janet Vernon and Graeme Murphy which suggested an alert and highly responsive friendship between the two figures, and presumably between the two dancers involved. Elsewhere, there was a profusion of those awkward lifts, the haulings-up by one leg, and the tendency towards acrobatics which seem clichés of Mr Murphy's creative style.

Scheherazade I found deeply unpleasant. Ravel's exquisite song cycle was given the rounds of the musical kitchen while a sequence of what I took to be nautch dances ogled us from a tented setting that looked like window-dresser's Klimt. The words of Tristan Klingsor's poems were inaudible — small matter, since the fatuous dances bore no relationship to the texts—and the only remedy I can suggest is that everyone concerned listen to performances of the cycle by Suzanne Danco or Maggie Teyte or Elly Ameling, and repent.

The programme also included a selection of brief numbers. Berio's *Sequenza VII* (for oboe, well played by Andrew Knights) was a collection of movement jokes by Graeme Murphy, brightly done by Nina Veretennikova, Janet Vernon (mistress of the pained glance) and the choreographer. Carl Morrow's *Eclipse* was an emotional solo to forest noises, danced by its creator with a technical strength very welcome amid the uncertain physical utterance of some of the company. Graeme Murphy's *Third Conversation* seemed a bemusing adagio act, in which Susan Barlin was manhandled by Bill Pengelly for reasons as unguessable as the activity was unpromising.

CLEMENT CRISP

Festival Hall

Donovan

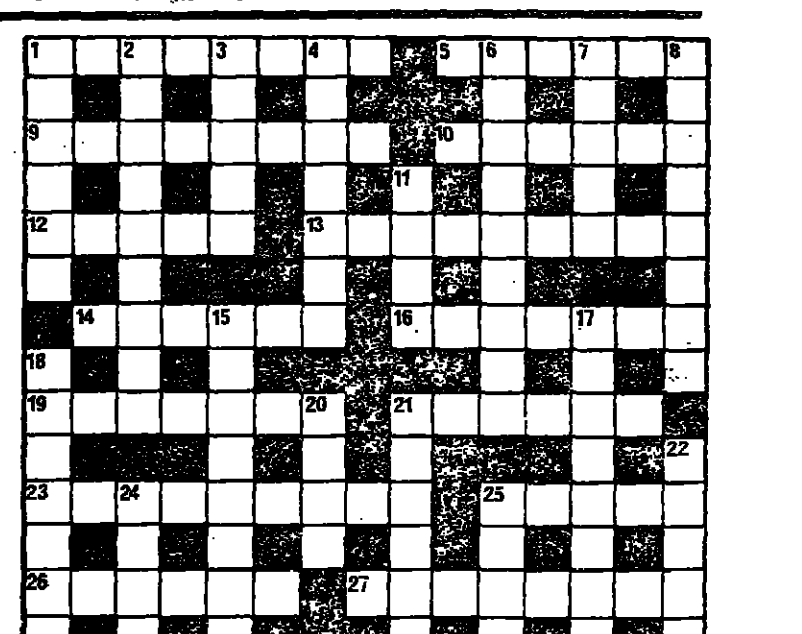
Donovan has reappeared looking as fresh and dew-dropped as in his heady flower-power days of the late 1980s. Then accepted as the British Dylan he always seemed to lack a personality of his own; and he has failed to acquire one during his years of exile in California. He looked the same—all white shifts and black corduroy trews, and his songs were just as unchanging—limp puff-balls of rhymes and melody, ideally suited to "Listen with Mother."

Yet he has his fans, and his childlike approach enables him to get away with guaranteed no-no's—like hauling his small daughter Estrella on stage for a song and splitting the audience into choruses for another. The boys had to "lah, lah, lah," and there is much "lah-ing" in Donovan's songs. But he has a grand enough reputation to be backed by some very powerful musicians, including Danny Thompson on bass, and he never failed to intrigue.

Against all logic you find yourself warming to *Colours* and *Mellow Yellow*, and when he succeeds in raising the tempo and adding in some venom you even start thinking that he has some talent. But then he spoils it all with a new song aimed at the soft under-belly of the infant school. A psychedelic revival is supposed to be under way, and Donovan's tour of the country could turn into a revivalist's wake. The oddness of it all makes it strangely attractive, and although you will not be mesmerised by his performance you probably won't be bored.

ANTONY THORNCROFT

F.T. CROSSWORD PUZZLE No. 4,691

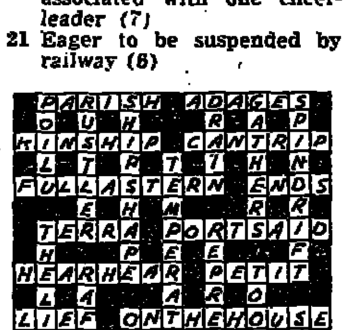


ACROSS

1 Answer to liquidity (8)
5 Day soldier died in cold (6)
9 Rake reluctant to go on a river abroad (8)
10 Article left by bloke in recess (6)
12 Key to spare completely (5)
13 Began to be in the know (9)
14 Ring nipper by the way (6)
16 Completely order endless course of treatment (7)
19 Fundamental part of body associated with one cheer-leader (7)
21 Eager to be suspended by railway (6)
23 Subject friend presented so as to be of local interest (9)
25 State of game entered in notebook (5)
26 What happens in first part of play being performed (6)
27 Reduce penalty in adversity (4, 4)
28 Soporific arrangement of words by youth leader (6)
29 It's pulled for a change (4, 4)

DOWN

1 Lips twisted going to church to marry (6)
2 Lots of tiny ones annoy untidy depositor (6, 3)
3 Rear coach (5)
4 Boy wanting more embraces one revealed as actor (7)
6 Register fashionable drink plentifully supplied (7, 2)
7 Key landlord gives spirit (5)
8 Apprehensive about making daughter study (8)
11 Row made by binder (4)
15 Persistent 10ac one takes round United States (9)
17 Explorer, to spoil company game (5, 4)
18 Wine to bring ashore by the stone (8)
20 Gun for member of junior team (4)
21 Message regarding fodder all over the place (7)
22 Meeting aiming to end in good spirits (6)
24 First class pot broken in courtyard (5)
25 Girl will become a nutcase (5)



Solution to Puzzle No. 4,690

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Wednesday October 7 1981

The legacy of Sadat

WITH THE death of President Anwar Sadat of Egypt the world has lost a statesman of immense stature. At a time when peace negotiations of which he was one of the prime movers were being regarded with increasing cynicism and concern, Mr Sadat's assassination suddenly underlines the immense hopes which rested on him for the future stability of the Middle East.

Bold initiative

For the West, President Sadat was an ally in a region of endemic instability and vital economic and strategic importance. It was of great benefit that the leader of the most populous Arab nation should also be a man who brought moderation and statesmanship to bear on the intractable feud which divides the Arabs and Israel.

By his bold initiative in November 1977 when he visited Jerusalem, Mr Sadat made possible the conclusion of the Egyptian-Israeli peace treaty a year-and-a-half later. The peace process, of which he remained the Arab embodiment, was the one frail reason why Israel could be persuaded to seek the right to exist peacefully by negotiation rather than by uncompromising self-defence.

Equally, for the more militant Arab nations, Mr Sadat's commitment to negotiation offered the sole demonstration that territories conquered by Israel could be recovered without resorting to force. This commitment cost Mr Sadat the friendship of the greater part of the Arab world. It required a singular degree of courage and confidence to persist with his search for a peaceful settlement in the face of such hostility.

Smooth transfer

Beyond the Arab-Israeli dispute, Mr Sadat stood out as a bastion against Soviet expansionism in the Middle East. He was forthright in confronting such Soviet allies as Colonel Muammer Gadaffi of Libya. He also epitomised moderation in the face of radical left-wing and fundamentalist Islamic extremism. In both respects he was a vital ally of Western interests in the region.

The exact motives for the murder of the President are not yet clear. Nor is it certain what form Egypt's Government will now take. There appears to have been a smooth transfer of power with Mr Sufi Abu Taleb, the Speaker of the People's Assembly, taking over as acting head of state and Vice-President Hosni Mubarak retaining his position as Vice-President. The hope must be that Mr Sadat's legitimate successors have the inclination and strength to continue his foreign and domestic policies.

For the moment however this violent expression of dissent creates a degree of uncertainty which must have a profound impact on Middle Eastern politics. In Israel the event will fuel all the latent anxieties about the Israeli commitment to return Sinai to Egypt next April. The person of Mr Sadat always seemed to many Israelis a fragile guarantee of future Egyptian behaviour.

Other Arab countries may well see the assassination as an opportunity to persuade the Egyptian Government to adopt a more hostile line to Israel and to renounce the Camp David formula for the establishment of a form of Palestinian autonomy on the West Bank and in the Gaza strip. It must also increase the nervousness of the more conservative Arab regimes.

Remarkable

With Mr Sadat's death a cornerstone of U.S. policy in the Middle East has been dislodged. The credibility of the Camp David framework for peace is now more than ever in doubt. There will be strong calls from the Jewish lobby in the U.S. for the Government to recognise that Israel remains America's one steadfast ally in the region. President Reagan's chances of persuading Congress that Saudi Arabia needs AWACs surveillance aircraft for its self-defence against Communism and extremism now look slimmer than ever.

The Western nations must now do all they can to preserve the legacy of a remarkable leader. They must provide both Israel and the new Government in Cairo with the support and re-assurance which they need to continue down the road which President Sadat charted.

A new strategy for the banks

LAST WEEK'S decision by Britain's clearing banks — all but Lloyds — to raise their seven-day branch deposit rate by half a point more than base rate highlighted the new attitudes of the big High Street banks. For some time they have grown restive in their accepted roles of running a socially convenient money transmission system, and channelling loans to an increasingly ailing—and certainly non-growth — industrial and commercial customer base in the UK. The imposition of the windfall tax on interest-free deposits in the last Budget was perhaps the final insult which persuaded the clearers that they must change direction.

Inevitably the changes have brought controversy. The decision to break up the arrangements whereby the clearers would handle over-the-counter business for each others' customers without charge has been an aspect of increased competition which the public has not welcomed. The moves to attack that other cartel formed by the building societies have threatened to bring the clearers into conflict with the Bank of England, which has seen bank lending to the personal sector rising much faster than it would like. At least this has happened at a period when corporate sector loan demand has been very flat. But the Bank is still, nominally, requiring that the clearers should restrain their personal advances in favour of lending to industry.

Long term

The challenge here is, immediately, that competition from the clearers for deposits may force the building societies when they meet this Friday to raise the recommended mortgage rate higher than they might otherwise have done. And looking further ahead, it is apparent that the banks regard the personal sector (from which they already derive the vast bulk of their deposits) as their chosen area for future growth. That is why they are prepared to push into mortgages, as a way of developing their range of services to personal customers and preventing any further loss of market share of retail deposits to the building societies, even though mortgage business as such is not ideally structured for short term credit institutions.

Some long term perspective behind current developments at the clearing banks was provided by Mr Deryk Vander Weyer, deputy chairman of Barclays, when he addressed a conference in Berlin on Monday. Strategically, the banks see their growth potential as lying in international financial services on the one hand and the development of domestic personal business on the other. Technologically, plastic cards and electronic transmission and communication systems offer the potential for reaching markets and customers which have until now been uneconomic. Politically, they hope to find ways of avoiding the kind of circumstances that force them into uncommercial judgments—as in industrial lending, for instance.

Stringent age

If all this leads to a more competitive and innovative climate in High Street banking, the long run effects must be positive. This will remain true even if some charges—like the charge for each current account transaction—go up rather than down. The cross-subsidisation within the personal banking system, whereby depositors have received a raw deal while billions of "free" pieces of paper have flooded through the system, has not contributed either to efficiency or equity.

But it is not clear that the banks have yet faced up fully to a more stringent age. They are unpopular among many of their customers—from finance directors to small savers. Almost alone the banks, and their highly unionised staff, have appeared to escape the squeeze on others, although the Midland has been forced to make cuts.

Their efforts to expand into new markets could be seen by critics as reactions by over-staffed, under-utilised organisations to the need to use up spare capacity.

Full benefit

There is still a danger that the banks' commitment to a more competitive approach will turn out to be only skin deep. It is easy enough for the banks to enthuse over potential expansion of services, but the public will not get the full benefit unless the willingness to change extends right down through the banks' organisations. The key questions here are whether the recession will provide the banks with an opportunity to get a better grip on labour practices, and whether the renewed entry by some American banks into the consumer credit market will provide more durable competition than in the 1970s, when in the aftermath of the secondary banking crisis the clearers re-assumed almost complete domination.

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CAIRO - SADAT DEAD: OFFICIAL.

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Murder in Cairo: the vacuum left by Sadat

Roger Matthews looks at Egypt after the death of a supreme gambler

THE ASSASSINATION of President Anwar Sadat by a group of Egyptian soldiers yesterday carries alarming implications both for the future direction of the country and for its wider role within the Middle East.

All Mr Sadat's policies during the past 10 years had been based on the united support of the armed forces. His whole strategy from the consolidation of power after the death of President Nasser, to the crossing of the Suez Canal in October 1973, to his dramatic dash to Israel in November 1977 and the subsequent alienation from the rest of the Arab world, have relied on the at least passive consent of his generals and more junior commanders.

The threat to Mr Sadat was widely believed to rest in the most general terms on his ability to feed his 42m people or, more specifically, from extremist elements, foreign or national, who viewed him as a traitor to the Arab cause.

The military were only likely to offer a real threat to the President if, as happened in January 1977, they were called out onto the streets of the major cities to put down rioting demonstrators angered by attempts to raise the prices of basic commodities.

Whatever the fate of the present regime, the seeds of suspicion about the Egyptian military and its willingness to intervene bloodily in the political direction of the nation, have now been sown. Those who succeed President Sadat have been made sharply aware that the army can no longer be comprehensively trusted to follow the path directed by the president.

It is far too early to have any clear idea of how deeply the disaffection has spread within the armed forces or what the prime motivating force behind the rebels has been. Mr Sadat was always the supreme gambler, a man who in the words of one of his former close aides, had raised "inspired acts of desperation to the level of international statesmanship."

He took risks that no other Middle East leader would contemplate. If anything could have matched the astonishment of ordinary Israelis at the appearance of Mr Sadat in Jerusalem, it was the remarkable sight of him riding in an open car from Cairo airport to the centre of the city on his return. Mr Sadat believed deeply that he understood his people and the warmth of the popular reception that day testified to correctness of his judgment.

But it has been among some of the better educated, the intellectuals, the left, the devotees of Nasser and some members of the foreign service that the gravest doubts about Sadat's economic and international policies have been expressed.

Yet despite last month's round-up of over 1,500 alleged political opponents and the President's determination to stamp out the brush fires of conflict between the Chirstian and Moslem community, his regime did not seem under any serious threat. Egypt's left-wing intellectuals and the lower level political activists had all too little chance of getting their hands on the real reins of power, unless they could initiate widespread popular unrest.

In any country where there are not clearly established democratic processes, the most fruitful area of subversive activity tends to be among the armed forces. Mr Sadat was well aware of this and his internal military intelligence services were highly developed.

However, their failure yesterday could hardly have been more spectacular. There have, of course, been rumours about unhappiness within the officer corps. While Egypt was in the frontline of the Arab struggle against Israel—which has been the case since the state freed itself of British influence—army officers occupied a privileged place in Egyptian society. Soldiers could and did, drive you off the road with inpunity, and officers (the 1967 war debacle aside) enjoyed a range of benefits denied to others.

Since the peace treaty with Israel, the armed forces have tended to lose some social status and have been far less actively employed. It is today far more profitable to be engaged in some form of commerce than it is to suffer Egyptian army pay and be stuck out on the Libyan borders for weeks at a time.

It is most unlikely that these resentments alone can explain yesterday's murder. The question being posed from Moscow, to Baghdad, Riyadh, Jerusalem, and through to Washington, is whether the assassination will presage serious conflict within Egypt over the future direction of policy.

It is easy to forget the fragility of the limb on to which Mr Sadat willingly crawled. He prayed that Israel would respond generously and, most of all, *swiftly*, to his peace initiative.

That did not happen and instead of setting up the cornerstone for a comprehensive Middle East peace Mr Sadat sadly found himself with little more than a unilateral treaty with Israel. There may yet be some breath of life left in the Camp David accords but Mr Sadat was forced to watch helplessly while Israel administered its own peculiar form of medicine to Arab dissenters.

There is no doubt that some Egyptian officers have been deeply embarrassed by the Israeli humiliation heaped onto former Arab colleagues and have serious doubts whether Mr Menahem Begin, or indeed any other Israeli Prime Minister, will ever negotiate what they consider to be a just solution to the Palestinian issue.

The rich vein of Egyptian nationalism, expressed in the cynical slogan "The Palestinians have always been ready to fight to the last Egyptian," was effectively tapped by Mr Sadat but it may be that Mr Begin's recent actions have seriously damaged it.

Mr Sadat was accused outside Egypt of being willing to accept any Israeli humiliation for the sake of getting back the remainder of Sinai, due to be returned in April next year. It may be that those accusations had found a receptive audience in part of the Egyptian army.

The other result of the Camp David accords has been the ever closer relationship with the U.S. and Mr Sadat's often-repeated assertion that with peace would come prosperity.

While the $2bn a year which the U.S. is pumping into Egypt in civil and military aid—and the further $1bn coming from other sources—is beginning to have some small effect, the rewards for peace are scarcely yet those which Mr Sadat led his people to expect.

Simultaneous attempt to free itself, at least partially, from the rigidly imposed centralised socialism of President Nasser has tended if anything to increase the gap between the mass who have very little and the few who are making large profits.

Linked to this has to be the impact of Ayatollah Khomeini's Islamic fundamentalism in Iran which has emphatically rejected the "evil" influence of Western culture. Some American diplomats, if not the White House, have seemed more aware of the risks this posed to Egypt than President Sadat.

The real tragedy for those who supported Mr Sadat in these policies is that yesterday's killing will give immeasurably greater weight to those in the West and Israel who argue that all the agreements which have been made in the past three years were essentially with a single person.

The lynch-pin of Mr Sadat's appeal to the West was that he was Egypt and carried the entire country with him.

To be shot during the great showpiece military parade of the year by your own troops will prove a massively difficult argument for his successors to overcome.

Quite apart from the frightening implications this may have for Egypt, it will serve further to stir up an already bubbling Middle East cauldron. Egypt and Mr Sadat were an essential part of President Reagan's scheme for setting up a "strategic consensus" in the Middle East which would counter the perceived Soviet effort to encroach on the vital Gulf oil-fields.

While more radical Arab leaders will assuredly greet the news of Mr Sadat's death with great satisfaction and others may more positively see a chance to restore a degree of Arab unity, there will be tremors of apprehension elsewhere. For, however much the more conservative Arab states and especially some of the major oil producers may have been upset by Mr Sadat's unilateral action, they did nonetheless appreciate the staunchness of his anti-Sovietism.

They can perhaps take some satisfaction from the fact that Vice-President Hosni Mubarak is likely to take effective power, at least temporarily. Egypt has proved remarkably stable since full independence and although under-rated in exactly the same way that Mr Sadat was when he took over from President Nasser, Mr Mubarak is a tough if unimaginative leader who is uniquely well prepared for his new role.

For the past four years he has been at Sadat's side and was party to all the major decisions taken during that time. Whether he totally agreed with them or trimmed his sails in order to avoid upsetting the President may soon become known. It is unlikely that he will want to lead Egypt on a radically different path.

In the coming few days his grip over the military apparatus will be critical. As former air force commander, who distinguished himself during the 1973 war, he may lack the immediate rapport with the army. But he worked hard to develop his contacts and was primarily responsible for the re-equipment of the Egyptian military with American weapons.

It is possible that he will seek to follow the Sadat policies more or less exactly, but the Israelis and Arab states will realise that he has a splendid opportunity to rebuild Egypt's Arab bridges which were wrecked by Mr Sadat's peace with Israel. Israel has long feared that the return of the final piece of Sinai would be followed by a grand Arab reconciliation.

The size of Mr Mubarak's task will be better appreciated when the extent of the plot against Mr Sadat is more acurately known. To establish his own authority he will have to move swiftly and firmly. The vacuum he has to fill seems today as vast as the one which faced Mr Sadat in 1970.

Since full independence Egypt has had only two presidents. Both have been remarkable, if totally dissimilar men. During their time Egypt made a massive impact on the Middle East and on the industrialised world. Nasser gave birth to Arab nationalism, Sadat to Egyptian nationalism and to a new style of diplomacy which earned him respect and affection in the West.

"This man is either truly great or he is mad," one of his aides commented on Christmas Eve 1977 just before Sadat set out for his second meeting with Mr Menahem Begin. "Everyone will know he is great if he succeeds. Only his friends will remember he is great if he fails."

A FRAGILE ECONOMY

The economy always seemed the Achilles heel of the Sadat regime. Egypt's 42m people import over 75 per cent of their wheat and 50 per cent of all their food needs. And the population has been rising inexorably —by some 2.7 per cent a year.

Windfall oil revenues of $3.2bn last year helped give the country a balance of payments surplus for the first time in 20 years. Other contributory factors were earnings from the Suez Canal ($1bn) workers remittances ($2.5bn) and tourism ($700m) and the IMF has been reconsidering the possibility of a new standby credit.

All this has not been enough, however, to encourage many major foreign companies to invest in Egypt despite a range of incentives.

Both Volkswagen and General Motors have announced plans to invest in Egypt. But Wilkinson Match, the first joint venture with an Egyptian public sector company, is pulling out after two years of losses. And Union Carbide, one of the few groups to have set up its plant on time is facing major problems.

Men & Matters

A balm upon the world

The politicians may not be having much success in curing the world's ills, but a Yorkshire family company is doing rather well out of easing its everyday aches and pains.

Iraq is the latest country to turn to J. Pickles and Sons of Knaresborough for relief, ordering half a million jars of zinc and castor ointment for its babies' bottoms and 300,000 phials of toothache tincture for its troublesome molars.

That order will bring the company's turnover this year to £1m — not bad progress since 1960 when chairman Stanley Horner bought the virtually bankrupt business from the founding family and began touring the country in a van selling his "Fiery Jack" ointment and other medicaments.

Son Simon, managing director, tells me that though most of the products are modern formulations "we still have a reputation for being old-fashioned, and we do not try to dispel it."

Little wonder when half the world seems to be queuing at the door for remedies. The Americans demand constant supplies of lipsalve. Nigeria and Singapore call for rheumatism cream, and the United Arab Emirates have taken untold quantities of — would you believe it? — chilblain cream. "It's the cold nights over there that cause them," says Horner.

A quarter of the company's sales are made abroad and the market is growing. But Horner assures me he is not neglecting Britain's own needs. Pickles corn liniment sells as well as ever. And chemists, he claims, are stocking up with liberal supplies of his new nose balm against the coming winter.

qly

"It's a cheque from Tory Central Office—they want to enrol Ted Heath!"

Oil over

It looks as if an era ended in the oil industry with the news that BP has stopped lifting oil from Iran. Its 65,000 barrels a day contract has expired and no new agreement has been reached. "All rather sad," is the company's official comment on the apparent end of a 72-year link with the country where the BP pioneers brought in the Middle East's first oilwell.

Persia had long been known for its oil seepages when one-time Devon solicitor, William Knox Darcy, who had made a fortune in the Australian goldfields, was granted a concession in 1901 to search for, and exploit, oil.

D'Arcy's syndicate employed G. B. Reynolds as engineer and for over seven years he explored the bleak hills of Khuzistan, his team suffering from dysentery, thirst and sunstroke, until he struck rich in 1908 at Masjid-i-Sulaiman.

BP's forerunner, the Anglo-Persian Oil Company, was formed the following year, under Lord Strathcona, and took over the D'Arcy concession. The first cargo of oil was shipped out three years later, after the first crude refinery had been built on an uninhabited mudflat called Abadan and a 130-mile pipeline screwed together by teams of Persians armed with massive spanners, laid to the well.

The oil came just in time. Winston Churchill, then First Lord of the Admiralty, awarded APOC the Royal Navy contract and Asquith's Government invested £2m in the company a few months before World War 1.

About turn

British Rail chairman Sir Peter Parker enlivened Monday's meeting of the National Economic Development Council, I hear, by suggesting to Sir Geoffrey Howe that he take a closer interest in BR's Advanced Passenger Train. "The APT," he pointed out to the Chancellor of the Exchequer, "has an elaborate tilt mechanism which allows you to go fast round the sharpest turns without the passengers noticing anything."

Sharpening up

Wilkinson Sword, Britain's 209-year-old sword-making company, has acquired a heavy-weight salesman for its more up-to-date defence equipment. Sir Ronald Ellis, until recently the head of the Government's military sales organisation, has joined the group's five-man policy committee and will help to boost sales of sophisticated safety equipment for aircraft, ships and armoured fighting vehicles.

Ellis could not be contacted yesterday—he was down near Salisbury Plain peering into smokescreens provided by Pains Wessex / Schermuly, one of Wilkinson's subsidiaries. But John Hope, managing director of the group's safety and protection division, tells me that Ellis's experience will be "invaluable." During his five years at the Defence Ministry, annual arms sales more than doubled, totalling £1.9bn for the whole period.

Defence-related goods account for only about £16m out of Wilkinson Sword's £270m world-wide sales. But according to Hope, there is a growing market "worth hundreds of millions of pounds" for the military safety equipment in which the group specialises. Ellis will be expected to show his company how to exploit it in Europe, the Middle East and the U.S.

Into vision

What the cash-and-carry giants did for groceries, Bennie Linden and David Britten believe their modestly-named Global Video can do for the consumption of electronic tape.

Britten, former leading light at EMI's Music for Pleasure, says that so far the people who have been making money from video tapes have been the film companies. Global—three-quarters owned by Linden's United Electronic Holdings—has been formed to get into the action by wholesaling pre-recorded video tapes to Britain's High Street retailers.

With the trade finding that sex is not the best-seller it once was (though violence is still bankable) Global is putting its money—around £1m up to now—on family fun.

The first £350,000 worth of stock lining the shelves of its gleaming new premises in the shabbier surroundings of London's New Kent Road covers the gamut of family entertainment from The Sound of Music to the Hiss of the Tarantula.

Computerised stock-keeping, Sunday opening, and a management team that includes Philip Case, former financial controller of Cope Allman International, should ensure a fair share of business for the middlemen, says Britten.

Observer

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FINANCIAL TIMES SURVEY
Wednesday October 7 1981

World Shipping and Shipbuilding

After several lean years, the world's shipping and shipbuilding industries are emerging in better shape to combat world trade recession, high financing costs and sharp swings in currency values. Competition remains tough, with areas like Hong Kong, Taiwan and Japan determined to increase their cost advantage and Europe and the U.S. seeking to capitalise on managerial skills and technological knowhow.

New life in the post oil boom era

By Andrew Fisher
Shipping correspondent

SHIPPING IS an industry in ferment, struggling to keep pace with technological change, mounting competition at a time of slack world trade, and the increasing challenge from the developing countries.

As the lacklustre results from several leading shipping groups have shown, maintaining profitability has been a difficult task. Some have failed to do so and have gone under. Others wait patiently for signs of improving business, meanwhile often seeking to diversify where possible.

For both the shipowner and the shipbuilder, the past decade has been a traumatic one. The oil crisis of the early 1970s shattered many cosy conceptions, leaving shipyards and shipping lines battered. Today, the effects are still all to apparent.

In recent years there have been several times when the tide really seemed to be turning. Certainly, both industries have picked themselves up painfully after the damaging days of the post-oil crisis, but recovery has been halting and patchy.

Freight rates, especially for tankers, are low, while new shipbuilding orders continue to edge up. On the tanker side, the lesson has been learned and operators have been eager to shed tonnage, especially at the larger end of their fleets.

There are worries, however, that vessels for other types of cargo might show an uncomfortable surplus in a few years. More and more owners have been ordering ships to carry bulk cargoes—chiefly grain, coal, and iron ore—and many experts feel that an eventual upturn in rates in a few years could be seriously delayed.

"The 1980s opened with hopes of better times for shipping after a long and damaging recession," said the Organisation for Economic Co-operation and Development (OECD) in its yearly maritime review. "During the course of the year, however, such hopes were somewhat disappointed as the long-awaited approach to balance between demand and supply of shipping services did not materialise."

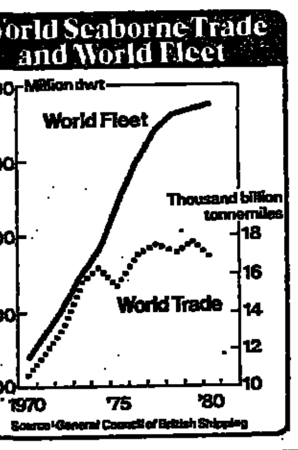
The problems on the tanker market have probably received more publicity in recent months than any other aspect of shipping. As many as 40 big tankers — VLCCs (very large crude carriers) — may be sold for scrap this year; around 30 have already been scrapped. Weaker demand for oil ad changes in the structure of the oil market have caused major strains in this sector.

Towards the end of September, there were about seven VLCCs (around 200,000 deadweight tons or more) and one ULCC (ultra large carrier above 300,000 dwt) sitting idle in the Gulf with more expected. "It would appear that the curtain has at last been rung down on the tanker market as far as large ships are concerned," was the despondent comment from one firm of shipbrokers, E. A. Gibson. The low level of charter rates, it said, was reflected in "the absolutely abysmal state of the market."

In contrast to the tanker market, dry bulk shipping was in better shape last year, although the supply of ships began to rise as new ones were delivered and combination carriers were switched from oil. The present level of freight rates is uninspiring and the market is headed for a downturn, its duration depending on how much new ordering takes place.

The traditional liner services which run scheduled cargo operations continued to have a rough time in 1980 as outside companies muscled in on more routes. With some 350 worldwide conference agreements fixing rates and business on scheduled routes, there is plenty of scope for interlopers to move in and offer lower terms to shippers.

World Seaborne Trade and World Fleet



Soviet ships have been among those causing troubles to the conferences, especially since they are not necessarily in the business for profit. The EEC is now monitoring liner shipping on certain routes including the Far East trade where the Soviets have made considerable inroads. This exercise will take in the land route, the Trans-Siberian container service which is also a source of much concern to the Far East Freight Conference, the biggets of all the conferences.

Apart from the increasing competitive threat, the whole conference system is now being brought into question. The move by Unctad (the United Nations Conference on Trade and Development) to share out cargoes more equally between the exporting and importing nations is certainly not one that the industry has taken to kindly.

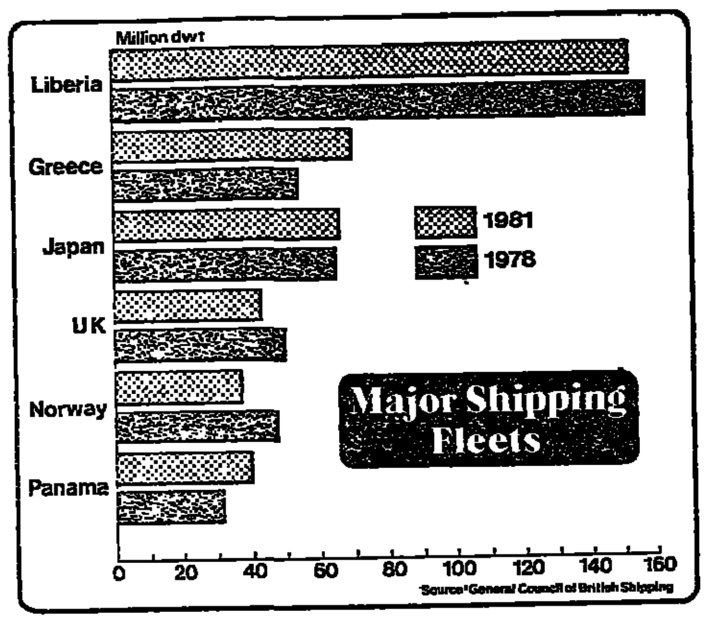
Nor is it happy about the tendency in the U.S. and the EEC to try and increase the supervision of shipping, though there have been recent moves in the other direction in Washington. Just over two years ago, a U.S. Grand Jury indicted seven companies, four American and three European, for alleged anti-trust violations on the North Atlantic. In Europe, their activities would not have been illegal, but they were fined \$6m and now face civil damage claims which could mean treble damages of up to \$250m.

Last year, the Department of Justice began looking into the activities of conferences on the U.S. / Australia / New Zealand routes. Meanwhile, the Federal Maritime Commission (FMC) has been investigating alleged rate disparities in the east and westbound North Atlantic trades following U.S. exporters' complaints.

Thanks to stiff U.S. anti-trust regulations liner conferences trading to and from the U.S. have an uneasy time. They can operate only under the sharp eye of the FMC, but Senator Slade Gorton and Representative Mario Biaggi are both trying to have the rules relaxed for shipowners. The Gorton bill is the more radical in trying to change the thrust of the Shipping Act of 1916 and thus put the conference system beyond the anti-trust laws.

There is no certainty that either of these bills will pass into law and President Reagan's administration has yet to show where it stands on shipping. Official EEC policy on shipping is also less than clear. In 1974, the European Court decided that the Treaty of Rome, including the "competition articles," applied to international shipping. The industry, not surprisingly, would prefer the EEC to approach shipping on a case-by-case basis rather than seek to build up a quasi-FMC structure.

Now that Greece has joined the EEC, the combined fleet of the Community is nearly 30 per cent of the world total. Even without the Greek contribution, the EEC fleet made up nearly a fifth of world tonnage. Compared to Britain's, Greece's fleet is more labour intensive and contains a greater number of smaller ships. It is also the oldest in the EEC, reflecting the absence of depreciation allowances to encourage new buying and the wide spread of ownership among individual entrepreneurs.



As a result of this tradition of independence — most of the Greek fleet is in the tramp business, taking anything anywhere —the country is likely to set itself against any attempt by the EEC to take a more interventionist line in shipping. The British are also opposed to the EEC going beyond adoption of the UN Liner Code, a move taken with the aim of disapplying its cargo-sharing provision to the OECD.

Daunting though the political challenge to shipping may be, there are also profound technological and financial choices which the industry needs to take. Companies like Peninsular and Oriental Steamship Company (P & O), the biggest carrier in the UK, are well aware that just fitting out a ship to carry cargoes is not enough.

As with shipbuilding, this is an area in which many maritime countries can compete. The traditional shipping countries are finding it more and more necessary to move towards sophisticated types of ship to transport gas, chemicals, refrigerated cargoes, and anything else requiring knowhow and investment. There are obvious pitfalls in times of uncertain world economic prospects, as witness P & O's financial problems a few years ago over its expensive LPG (liquefied petroleum gas) carriers.

At the same time, fuel economy is at a premium. Speed no longer matters so much in world cargo shipping since much of the fleet surplus, notably in tankers is absorbed by sailing more slowly between ports. Earlier investment in fast ships, particularly to carry containers, was overtaken by the 1970s surge in oil prices, with disastrous consequences for more than one operator.

The use of coal to run large cargo ships, including coal carriers, is increasingly being discussed. Even the use of sails is being studied; Japan's Nippon Kokan claims to have gained a 10 per cent energy saving by building a bulk carrier with sails for auxiliary propulsion. Even though orders for new ships have been rising, the total engine power in the world order books has been slipping.

CONTENTS

WORLD SHIPPING II

Steady flow of new orders aids the industry's shaky recovery

Shipbuilding

ANDREW FISHER

EVER SINCE the world shipbuilding order book touched rock bottom early in 1979, the industry has been in a state of convalescence. The volume of work in hand is still way below the peak of seven years ago, but there has been no recent backsliding in the steady flow of new orders.

As ever, it is the Japanese who dominate the market, now accounting for some two-fifths of all business. But South Korea has been coming up fast and other countries like Spain, Taiwan and Brazil are also keen to promote their growing industries.

Demonstrating that some parts of the industry are rather healthier than others, there have been some very large orders recently. The United Arab Shipping Company (UASC) slapped in one worth $400m for nine container ships and the steel boxes to go with them. Bergesen of Norway is ordering gas carriers from France at a cost of $280m, while Finland has received specialist orders to build cargo ships for the Russians for Arctic conditions.

The UASC order went to Hyundai of Korea, which claimed proudly that it was the largest single shipbuilding order ever placed. Hyundai won the order over strong competition from Japanese and West German yards, among others. UASC will be paying for the ships and containers in cash. Out of total world orders of 52.4m deadweight tonnes, at July 1 1981, Japan had 40 per cent and Korea 8½ per cent, according to The Motor Ship magazine.

The latest league table in the industry shows the Korean yards—the other major builder is Daewoo—in second place, a long way behind the Japanese. Both areas are able to undercut the European yards quite considerably, hence the subsidies provided by Britain and other countries to their own yards to make up the price difference.

Through the late 1960s and early 1970s, the Government in Seoul committed around $175m to the expansion of shipbuilding facilities in Korea. The idea was to try and capitalise on the country's abundance of skilled and cheap labour, while making up for the scarcity of natural resources.

In what may seem a surprising move, with the world industry still shaky, Korea intends to encourage further growth of the industry in the 1980s. In a recent survey on Tanker Building Shipyards, consultants H. P. Drewry pointed out the generous subsidies and credit given to the Korean industry.

Drewry also said the Korean Government was keen that by 1986, the proportion of domestically produced components used in shipbuilding should rise from 60 to 90 per cent. Having weathered the storm caused by the tanker slump and made technical advances to keep up with customers' needs, said Drewry, "the industry still remains very competitive in the world shipbuilding market."

Like the Japanese and most of the rest of the world's major shipbuilders, Korean yards have far more orders for bulk carriers (including ore ships) than for tankers. The oil crisis of the early 1970s knocked the bottom out of the tanker building market after a number of yards had spent heavily on new facilities to construct these very ships.

Since there is a vast oversupply of tonnage on the oil tanker market which will take some time to come down, little extra relief for the shipbuilding industry can be expected from this quarter. On the other hand, oil companies and other operators are becoming increasingly interested in the prospects for large coal-carrying vessels of over 100,000 dwt and for gas ships.

Not all countries have adjusted their capacity completely to the sharp slide in orders for VLCCs (very large crude carriers) and other tankers. "Countries such as Brazil, South Korea and Taiwan have expanded capacity since the tanker crisis, irrespective of the global supply-demand situation for new buildings," said Drewry.

Thus the European yards, most of which have had to be propped up financially by their governments, now have two competitive tiers to deal with. Drewry estimated that shipbuilding costs in Europe were about 20 per cent higher than in Japan. "It is a sobering thought that some of the dedeveloping shipbuilding nations can offer prices which undercut even the Japanese."

If world order books do not rise high enough to provide enough work for most yards, including those in Europe, "then the prospect of price-cutting wars would seem to lie not between Japan and Europe but between Japan and its new competitors," said Drewry ominously.

Sounding a warning note for the European industry, it said that developing countries were no longer content to simply build ships of the unsophisticated type. "As their industrial efficiency and their technological skills improve, they will increasingly become rivals to their European and Japanese counterparts."

European countries have been fighting hard to keep their shipbuilding industries going, however, and trying to restore some semblance of viability. The nationalised British Shipbuilders has cut its heavy losses and expects to do so further; it has also reduced its labour force and recently gathered in some useful orders from Hong Kong, Greece and Canada.

The group, which includes yards such as Austin and Pickersgill, Govan, Swan Hunter, Vickers and Cammell Laird, is worried about the consequences of the British Government's attempts to reduce naval costs. This will clearly hit its total order book, so it is placing more and more emphasis on offshore work and hoping to build up business in warship exports.

Other traditional shipbuilding countries, like Sweden, West Germany and the Netherlands, have had to undergo painful contractions in their shipbuilding sectors. Denmark's Burmeister and Wain also had a chequered history before its shipbuilding activities were hived off and put under government shelter. It now has orders stretching well into 1984 for its economy ships in the Panamax range of around 60,000 dwt.

These types of vessel are among the most popular at the moment, representing the largest size that can navigate the Panama Canal. Whether in attempts to satisfy shipowners' demands for ships less hungry for fuel or in the design of more sophisticated container, gas or conventional tonnage, it is clear that the long-term future lies here rather than in standard cargo ships for higher cost European and North American yards.

One of the most ambitious new projects is to be undertaken by Dome Petroleum, the Canadian company which wants to build a huge yard capable of producing Arctic vessels, including VLCCs of up to 200,000 dwt. UK shipbuilding experts A and P Appledore, who have done extensive work in Korea, Hong Kong, Greece and elsewhere, will design the Dome yard, which should be completed in around three years' time.

This will be twice the size of any existing yard in Canada and one of the largest in North America. Major expansion on this scale, however, is hardly characteristic of the world shipbuilding industry in the early 1980s. For some time to come, the going is bound to remain fairly rough.

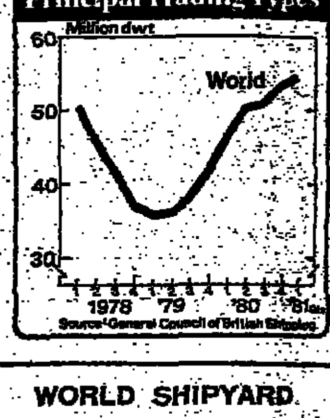
ORDERS AT JAPAN'S TOP 10 YARDS*

	dwt (m)		value ($bn)	
Mitsubishi Heavy Ind. ...	2.55	(+38%)†	1.9	(+61%)†
Ishikawajima-Harima ...	2.93	(+40%)	1.4	(+38%)
Hitachi Shipbuilding ...	2.05	(+ 5%)	1.1	(+26%)
Mitsui Eng. & Shipbldg.	1.86	(− 8%)	1.0	(+ 5%)
Kawasaki Heavy Ind. ...	2.09	(+50%)	1.0	(+15%)
Nippon Kokan	1.37	(− 1%)	0.7	(+ 8%)
Sumitomo Heavy Ind. ...	0.73	(+62%)	0.5	(+31%)
Sasebo Heavy Ind.	0.68	(+11%)	0.4	(+48%)
Namura Shipbuilding ...	0.92	(− 2%)	0.4	(+18%)
Sanoyasu Dockyard	0.47	(same)	0.3	(+13%)
Total	15.65		8.7	

* At end-March 1981. † Change on year ago.

Source: Lloyd's Shipping Economist

Ships on Order – Principal Trading Types



WORLD SHIPYARD ORDER BOOKS*

	No.	d'wt. tons (m)
Japan	512	21.0
S. Korea	78	4.3
Brazil	84	2.6
Spain	109	2.6
Taiwan	39	2.2
Rumania	44	1.8
W. Germany	82	1.5
Denmark	56	1.5
U.S.	41	1.4
Yugoslavia	45	1.4
Others	598	12.1
Total	1,688	52.4

*At July 1, 1981 (ships over 2,000 dwt)

Source: The Motor Ship

Sharp competition as too many ships chase too little trade

Shipowners

ANDREW FISHER

SHIPOWNERS across the world have been going through some lean times recently. The slackness in world trade has held down their business while rising costs and interest rates have taken a nasty swipe at their finances. Freight rates are at dismally low levels, with the oil tanker market suffering most.

As the going has become tougher, competition for the available business has intensified sharply. The tremendous edge on costs enjoyed by owners in such areas as Hong Kong and Taiwan has made life difficult for those in the more expensive developed countries, especially in Western Europe.

Last year, world seaborne trade fell by about 5 per cent, ending up with the lowest total since 1975. The capacity of the world's fleet, meanwhile, rose by only 1.4 per cent in the year to mid 1980. This, said the Organisation for Economic Co-operation and Development (OECD) in its annual maritime review, was "less than in any previous year since the slump of the thirties."

Oil shipments experienced a sharp decline as major economies went into reverse. On the dry bulk side, however, only iron ore showed a fall as a result of reduced international steel output. Grain shipments benefited from the USSR's success in circumventing the U.S. embargo imposed after the invasion of Afghanistan by meeting its needs from such sources as Argentina and Canada.

Another mainstay of the dry cargo trades was coal, now more in demand for generating electricity. Total dry cargo shipments were marginally up last year, but the OECD gave a strong warning about the future. There are, it said, "various indications that the current economic recession has caused a violent fall in revenue for liner shipping services, making it extremely difficult to bear the costs of running conventional liner and container services in view of a supply/demand imbalance." Put simply, there are just too many ships for the volume of trade that is around.

The gloom on the tanker market has received most publicity recently, as oil companies have announced pending fleet reductions and more and more ships are sent to Far Eastern scrapyards. But orders for new bulk carriers have been increasing and there are ominous signs that an unwanted surplus is around the corner.

The over-supply on the tanker market has been roughly estimated at 100m deadweight tons or more, of which little over half is absorbed by steaming more slowly between destinations and the rest by lay-ups off such coasts as those of Greece or Brunei, storage, slower turnrounds at ports and less than full loading of cargoes. Nor is this surplus likely to come down very quickly.

In the dry bulk market, which is much more dependent on business cycles, the surplus is put by the Institute of Shipping Economics in Bremen at over 30m dwt, with slow steaming again taking up most of the slack. "But the situation, in spite of massive order books, is not hopeless."

Any increase in economic activity—however far off that might be—would instantly be reflected in more dry cargo chartering. There is bound to be continued congestion, however, because of the time taken to expand coal ports in the major producing countries, such as America, Australia, and South Africa, as well as at the unloading terminal.

Since not all cargo vessels sail with full loads, there could be even more scope for an eventual rise in freight rates once demand picks up, the Bremen institute said in a paper written for a recent conference of the International Chamber of Commerce in Venezuela. "The decrease in the prevailing overcapacity will depend on the extent of the recovery of the world economy and will be accelerated by the switch from crude oil to coal."

This, however, does not help many shipowners in their present distress. Some experts are concerned that the latest spate of new orders could delay any recovery in rates for some time. This worry was strongly expressed by Terminal Operators, part of the Eggar Forrester shipbroking group, in a major study of the shipping market a few weeks ago.

Even while putting the report together, it had noted more ordering by owners, especially of bulk carriers. Terminal Operators forecast a cyclical downturn in dry cargo markets, with too much tonnage in 1981-82. More cheerfully, however, it thought this would not last too long — certainly not becoming a lengthy slump as happened after 1974—and be followed by a revival in 1983.

"We can only stress the need for moderation on the part of all concerned in the ordering and financing of new tonnage lest the recovery is pushed further into the future," it concluded.

If, as so often in the past, too many vessels are ordered, which owners are likely to suffer most?

Merchant fleets such as Britain's have already come down considerably as fuel and labour costs have accelerated. Unemployment among seamen has risen to levels not seen since the last war as the UK fleet has dropped by a third since the mid-1970s. Nor are British shipping concerns ordering many new ships, in view of uncertain prospects.

Peninsular and Oriental Steamship Company (P & O), the UK's largest shipping group, has taken some unpleasant jolts over recent years as a result of over-investment, high financing costs, and weak markets. Twice running, Lord Inchcape, the chairman, has told shareholders at the annual meeting that a publicly quoted UK company found it impossible to operate in some parts of the shipping market and earn consistent profits.

The first-half collapse in results bore this out, though it was not only deep-sea shipping that hit P & O. Other important shipping groups in Europe, like West Germany's Hapag-Lloyd, have suffered from stiff competition on liner routes across the Pacific and Atlantic, as well as losing money on non-shipping activities.

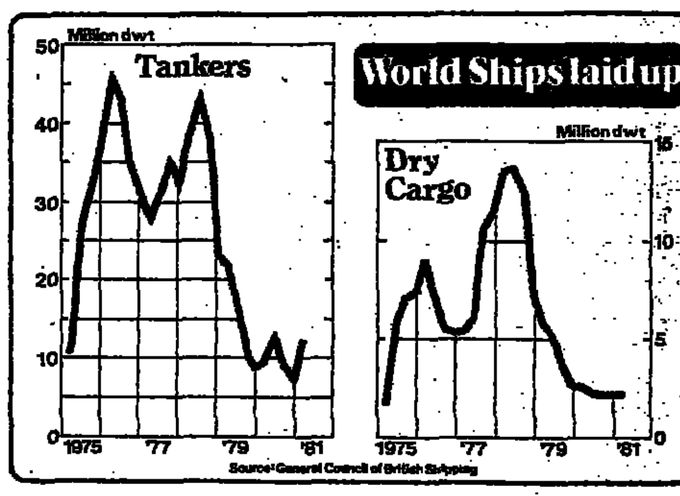
More and more maritime companies have diversified into activities, like energy and construction (P & O), tourism and airlines (Hapag-Lloyd), and even breweries (Ellerman Lines). Efforts to spread their activities beyond the sea have, however, had very mixed success.

Most people, when shipping is mentioned, think immediately of the Greeks. Traditionally, Greece has been a source of entrepreneurs—a few of whom have become household names—taking advantage of opportunities thrown up by market ups and downs and showing a skill at surviving. It has one of the biggest fleets in the world and shipping earns the country slightly more foreign currency than tourism, at $1.8bn, and just under half the contribution from exports.

Greece is a country of individuals and few people outside the industry are familiar with its major shipping personalities. But from Hong Kong, names like Sir Y. K. Pao and Mr C. Y. Tung represent the real organised firepower which other owners are having to match. Without the Colony's fiscal and labour cost advantages, they are finding it increasingly difficult. One of Britain's best known shipping companies, Furness Withy, is now within the C. Y. Tung empire. Taiwan, too, is emerging as a potent shipping force.

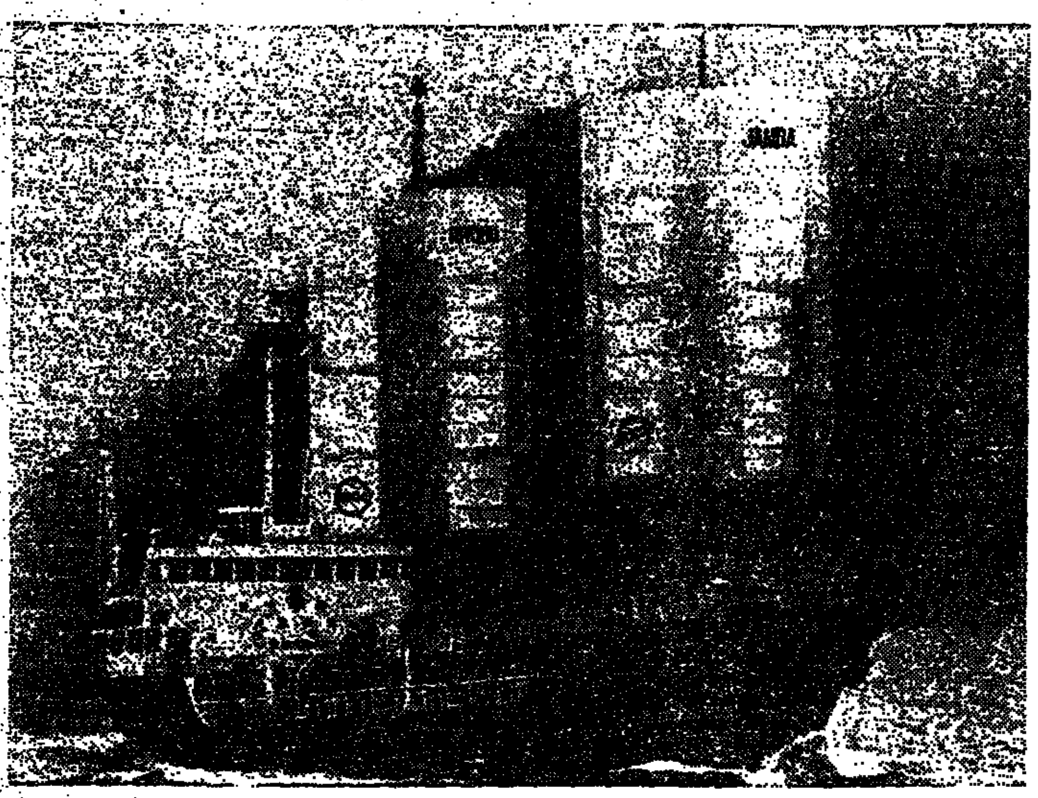
When shipping finally escapes from its present difficulties, it is likely to be in very different shape from even a few years ago. Profits have become elusive for many shipowners, for some they have disappeared altogether.

World Ships laid up



WORLD SHIPPING III

Giants' days are numbered by the rising cost of fuel



The world's first tanker with sails, the 700-ton Japanese "Shin Aitoku Maru," uses half as much fuel as a conventional vessel. The sails are 12 metres high and 8 metres wide and the eight-man energy-saving ship is operated automatically by computer.

Tankers

ANDREW FISHER

MENTION oil tankers to anyone in the shipping industry and they are likely to think of three things: scrapping, lay-ups and slow steaming. For it is a sad fact that the palmy days of the late 1960s and early 1970s have been replaced by a prolonged and painful slump. The giants of the tanker business, the VLCCs (very large crude carriers) and ULCCs (ultra large), have now mainly become financial millstones.

The causes of the decline are not hard to find. The oil crisis which led to soaring fuel prices after the early 1970s undermined the basis of the tanker market and put a rapid end to the massive ordering which had taken place in the previous few years. Despite minor upturns, the industry has not recovered its poise and the latest economic recession is making matters worse.

Up to August this year, as many as 87 tankers totalling 8.5m deadweight tons had been scrapped, according to H. P. Drewry, shipping consultants. Not surprisingly, 20 of those, totalling 4.3m dwt, were first generation—built before 1972—VLCCs of between 175,000 and 225,000 dwt. As routes have shortened with the advent of North Sea, Mexican, and Alaskan oil, the big older ships have become increasingly uneconomic. They are not only inflexible, but also steam-driven fuel guzzlers for the most part.

Thus the 1m dwt tanker, once thought to be inevitable, is now likely never to arrive. There are just too many tankers around, and the growth business seems to be in breaking them up. Taiwan leads this market, but even scrapyards have to have buyers and the falling price of steel has depressed this market too.

South Korea is second by a long way in the demolition industry. A Korean yard recently bought a 10-year-old 200,000 dwt tanker, the largest ship to enter the country for breaking up.

Clearly, a great many more ships will have to be scrapped before the tanker business can regain an equilibrium. Big oil companies like BP, Shell, and Exxon have been reducing their fleets, though often not fast enough. Instead, they see greater prospects in areas such as coal or gas carrying. Altogether, the world tanker fleet is just over 320m dwt, of which VLCCs and ULCCs account for some 190m dwt.

Few VLCCs or ULCCs are included on shipyards' current order books — ULCCs exceeding 300,000 dwt—though smaller tankers are being built.

Various estimates have been made as to how much the VLCC fleet needs to be cut. A selection of the latest comes from the International Association of Independent Tanker Owners, better known as Intertanko. Moderates, it said in a recent study, reckoned there was an over-supply of 100-150 VLCCs out of a total fleet of around 700. The gloomier opinion was that the fleet would have to be nearly halved before sustained recovery could begin.

Taking the moderate view, said the Oslo-based Intertanko, "the recovery should see the light of day sometime in 1984." But if the pessimistic line is accepted, and if this year's likely scrapping level of 40 VLCCs continues, "we will have to wait eight years for the recovery." Either way, the prospect is not rosy.

Apart from the state of the market, there is another important pressure in favour of scrapping: The effect on owners of the tougher safety and pollution requirements worked out by IMCO (the Inter-Governmental Maritime Consultative Organisation), a United Nations agency based in London.

Newer ships, as well as those operated by the oil majors and large shipping companies, are mostly equipped with inert gas systems (IGS) to stop explosions and crude oil washing (COW) facilities to clean tanks, as required under the IMCO rules soon to come into force. Some 80 ships, however, or 16m dwt of unconverted VLCCs might need to be scrapped in the next two years.

This estimate was made in May by Mr Ronald Ilian, managing director of BP Shipping. He also thought there could be many casualties in the medium 50,000-100,000 dwt range, much of which was old and would also have to undergo costly conversion or be sold for scrap.

Shortly afterwards, Mr Ilian had to announce that BP was cutting its fleet by another six tankers with even more sales possible. On the same day in June, Shell Tankers BV announced proposed fleet cuts from Rotterdam.

As insufficient numbers of tankers are being scrapped to bring capacity down to the level of demand, operators have resorted to other ways of managing their fleets. Tankers now travel much more slowly, while a great many ships are simply used for storage. Japan, in particular, has a comprehensive and well-organised storage programme.

However, such measures only camouflage or, at best, ease the problem rather than solve it. Over the past 10 years, world oil use has risen by just over 31 per cent while the tanker fleet has gone up by 115 per cent.

"Some means must be found to tailor the volume of tanker shipping more closely to requirements both now and in the future," wrote John I. Jacobs, shipbroker, in its World Tanker Fleet Review. Permanent removal of "unacceptable tonnage" was the best way, it concluded. "This can be done by scuttling, by creating graveyards of rusting hulks representing a scrap stockpile, or by immediate removal by scrapping."

The review put forward the idea of subsidies to encourage owners to scrap ships. It also suggested changes in ship survey and cargo rules to encourage earlier decisions on whether tankers should be kept going.

Still to be assessed for their impact on the sensitive oil markets are the progressive improvements of the Suez Canal to let larger tankers through and the new 750-mile pipeline across Saudi Arabia to Yanbu on the Red Sea. Availability of crude oil from Yanbu rather than Ras Tanura in the east cuts 2,500 miles from the Gulf to Europe via Suez, noted Jacobs. Tanker needs could thus be cut by at least 15 more VLCCs.

It is too early to start composing epitaphs for the VLCCs and their big sisters, the ULCCs, however. Large tankers will be needed to cope with oil demand around the world, but there will obviously be far fewer of them and the enforced slimming exercise has certainly been a painful one for the industry.

THE WORLD'S TANKER FLEET*
(deadweight tons)

	Seven major oil groups m	Other oil companies m	Independents m	Total
Total tonnage	59.5	68.5	192.2	320.2
—inc. over 175,000 dwt	45.6	31.1	110.2	186.9
Tonnage on order	2	4.6	12.1	18.7
—inc. over 175,000 dwt	None	1.1	0.6	1.7
Tonnage scrapped†	2	1.4	5.1	8.5
—inc. over 175,000 dwt	1.3	0.7	3.9	5.9

* End-August 1981. † January-August.
Source: H. P. Drewry

High interest rates add strain

Shipping finance

JEFFREY BROWN

FINANCING the shipping industry is a complex and risky business. It is also a big business. The current value of world new orders is probably in the region of $30bn, and on top of this there is a large market in secondhand ships. For anyone who gets the sums right there can be substantial rewards.

Since the collapse of the tanker market in 1974 in the wake of the first oil crisis, a degree of mistrust has arisen between the shipping industry and those who provide it with capital. On occasions, it has been swept aside in more recent years, notably in the financing of bulk carriers, but for the most part the shipping world—in the eyes of bankers—remains burdened with a shaky capital structure and volatile costs.

Recently, fresh strains have begun to make themselves felt as interest rates show no signs of falling back from their high levels. With freight rates weakening, new conflict could be looming between high debt financing costs and low operating returns. Maritime financiers are poised for an even rougher time in the near future.

The banks and the specialised ship finance houses tend to concentrate on the secondhand ship market. To some extent they have always been a secondary source of money for new shipping, and this pattern has been extended significantly in recent years as the world's shipyards have battled to stay in business.

Large segments of the world shipbuilding industry are heavily involved in "cheap" credit as government-backed loan schemes underpin employment in economically depressed areas. In Britain, the taxpayer will effectively meet a fair part of the cost of having a ship built in a UK yard, and do so at rates of interest that are less than half those which a bank would be forced to charge. Some countries, notably Brazil and Spain, have been known to extend even more generous credit to shipowners.

It can be argued that uneconomic yards—forced to subsidise building costs in order to get orders—are the biggest threat to the stability of world shipping. They are accused of crowding the sea-lanes with false capacity, and in the process depressing available operating returns. The Western European yards, which account for around one-sixth of world order books, are among the major culprits.

With this in mind, the commercially based maritime finance groups are having to feel their way forward very cautiously. They have become progressively more prudent, taking each proposition as an individual financing exercise and relying heavily on specialist knowledge of industry segments, profit margins and management records. The perceptible shift in the pattern of ship ownership over the past decade has created additional complications.

The proportion of world tonnage controlled by the traditional owners of Northern Europe is slowly being eroded, and bankers are having to make major adjustments. Some of the big groups, like P & O, have significantly reduced their fleets in recent years. No longer can bankers take for granted recognisable corporate structure and published accounts. To traditional Greek secrecy has been added the rapid growth of new areas of ship ownership, like Hong Kong.

Even when market conditions are favourable it is rarely easy to match the differing capital requirements of shipowner and banker. At its most basic a banker's requirement is to get his money back at the stipulated rate of return. The events of recent years demonstrated all too forcibly that no all-purpose financing formula is available.

The asset financing approach at one time favoured by ship finance groups has been proved vulnerable by recent wide fluctuations in ship prices. At the peak of the tanker market in 1973, a large tanker (say 250,000 dwt) could have changed hands for up to $65m in the second-hand market. By 1980 this price was down to $12.5m, having been as low as $9m at one stage in 1978—barely an eighth of 1973 price levels. Costs, notably bunkering charges, have been hit by a similar instability.

All this has led to a greater fragmentation of the freight markets. And since owners are now unable to predict requirements much more than 12 months ahead, the availability of long-term charters has been significantly reduced. In short, shipping has narrowed its trading horizons.

Understandably, the industry's capital appeal has been moving towards a cyclical low, and bankers have learned to become more flexible. They are reluctant to lend more than 50 per cent of a ship purchase price, gross mortgages and personal guarantees are widely sought and operating forecasts—at least for the early years of the new ship—are demanded and scrutinised.

The big American banks are the major source of bank finance for the shipping industry. At last month's International Shipping Conference in Caracas, Citibank was at pains to emphasise that "first and foremost we finance shipowners, not ships. We seek to evaluate the owners' ability to operate his fleet profitably and maintain it so as to ensure the timely repayment of credits."

An owner's experience and reputation are factors that a bank like Citibank will build into its credit model. A bank will want to know how long an owner has been in the shipping business, and also what sort of an operating record he may have on maintenance and insurance rates.

Fleet diversification, levels of liquidity and chartering policy are all taken into account. Spread of operation is important in the running of a fleet, and bankers like to see plenty of reaction to changing market conditions as well as the ability—through a wide spread of ship types—to change.

Questions of liquidity hinge on simple banker demands: does the prospective borrower have sufficient cash reserves and borrowing power to withstand the periodic setbacks to which the shipping market is prone?

On chartering policy bankers like to lend to owners with a fleet nicely balanced between spot trading and longer time charters. In theory, this sort of balance provides an owner with scope to take advantage of market upturns and, conversely, makes him less susceptible to market downswings.

Operators caught between low income and high costs

THE LINER sector in shipping has never really rid itself of its associations with the passenger trade in the mind of the public. This is despite the fact that, with a few exceptions, the days when ships relied on passengers to support regular year-round inter-continental sailings ended with the suspension of the Union Castle/Safmarine service to South Africa five years ago.

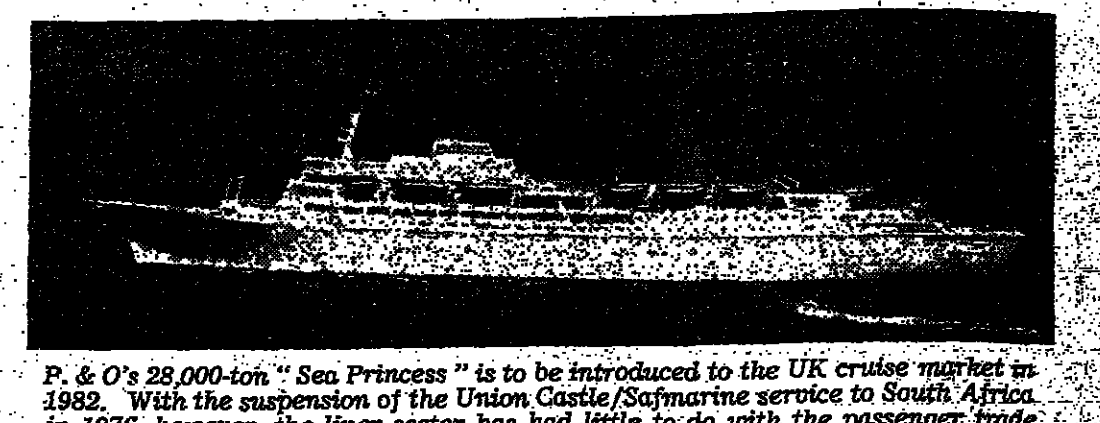
Yet it is interesting to illustrate what has happened in liner shipping over the past 18 months by transposing these events into the industry's successor as the world's main passenger carrier: the airline business. Imagine, for instance, that British Airways had managed to persuade its government to pay the market price for the purchase of nearly all its Concordes for conversion into rapid deployment force transports.

At the same time, suppose that Cathay Pacific bought out British Caledonian and amalgamated with TWA on the North Atlantic route . . . that another major American airline went bust revealing massive accumulated debts . . . and that all the major airlines on the trans-Pacific routes abandoned their fares structure in favour of a Skytrain type service. This would give some idea of the upheaval that has occurred in shipping during this period.

The parallels between the concept of Sea-Land's 33-knot SL-7 containerships and Concorde are disturbingly close, if only because of the eventual fate of the SL-7s. These 1,968 teu (twenty foot equivalent unit) container ships were built in European yards in 1972-73 to operate the fastest and most frequent cargo service across the Atlantic and Pacific that the world had ever known. Equipped with four steam turbines providing a total of 120,000 shp, the ships had less than a year in which to bring containerisation to the peak envisaged by Sea-Land and Matson when they developed the revolutionary system in the early 1960s.

By 1974 the oil price increases had forced the company to operate these eight ships at a greatly reduced speed. Replacing the engines with slower diesels would have been inevitable had not the U.S. Navy stepped in with a $560m plan to convert six of the ships into fast transports for a rapid deployment force sometime next year.

Other American operators have not been so fortunate. Seatrain, another company which has been associated with the introduction of containers to liner shipping, was among the first to take the drastic step of replacing some of its ships' engines with the more efficient diesels.



P. & O's 28,000-ton "Sea Princess" is to be introduced to the UK cruise market in 1982. With the suspension of the Union Castle/Safmarine service to South Africa in 1976, however, the liner sector has had little to do with the passenger trade

This move was not enough to prop up a rapidly deteriorating financial base, however. In a series of desperate moves to ward off bankruptcy in 1980, Seatrain withdrew from the Continental Westbound Conference (Contiwest) on the North Atlantic and applied to join the Far Eastern Freight Conference on the Europe to Japan route. But less than a year later, Seatrain had withdrawn

Liner shipping

NICK SEAWARD

from the Atlantic trade altogether and was seeking deferred payment on debts estimated at $1bn. Subsequent investigation has revealed that when Seatrain took the decision to embark on the costly re-engining deal it had a debt-equity ratio of 36:1.

Seatrain was not alone in facing mounting fuel costs, declining cargo volumes, and depressed rates through increased competition. OCL, one of the world's largest container consortia owned by P & O, Ocean, and British and Commonwealth, has been forced to re-engine the majority of its ships on its two main routes to the Far East and Australasia at a time when external competition has been at its most acute.

The result of this combination has been reflected in the half-year figures announced by the three partners, and there appears to be little hope of a significant upturn next year. On the Atlantic, the effects of the withdrawal of a major member of the Conference (a cartel which fixes freight rates and terms of service) are still being felt today. Conference members were obliged to follow the rates of the "outsiders"; rates became so depressed that the U.S. Farrell Lines had to opt out of the trade altogether last year and since this spring CP Ships has merged its service with the Dart consortium to Canada.

Manchester Liners, the Furness Withy subsidiary now owned by the Hong Kong-based C. Y. Tung Group, has all but disappeared into the maw of Dart (partly owned by C. Y. Tung's Orient Overseas Container Line) and now operates out of Felixstowe, leaving Liverpool perilously short of traffic.

Some idea of the disastrous effect that these rate wars have had on the established liner operators can be gained from the contrast between the downward spiral in income and the rapid increase in operating costs caused by oil price increases and wage settlements.

In some cases, fuel costs have increased by over 100 per cent during the past two years and now account for more than half of an owner's operating expenditure. Rates, meanwhile, have tumbled by as much as 40 per cent for some commodities on the Atlantic and Pacific and are only now beginning to improve.

On the Pacific, the crisis was precipitated by Sea-Land's withdrawal from no less than 12 eastbound rate agreements in February 1980. The shambles that ensued is only just beginning to be sorted out now that the line (the largest container operator in the world) has applied to rejoin some of the crucial Conferences—notably the Hong Kong/Taiwan-U.S. West Coast Ocean Freight.

In addition, western owners have high hopes that the Taiwan-based Evergreen Line will become part of the Conference scene both on the Pacific and the Europe-Far East routes, having been a thorn in their sides for the past five years.

In Australia, the Conference serving the long-distance trade with Europe has suffered similar attacks to the FEFC both from outsider competitors and shippers alike. Mirroring the attempts being made at Unctad (UN Conference on Trade and Development) to limit the economic weight of the Conferences, the independents have not been slow to exploit resentment by shippers at the lack of any real alternative to the Conference in the past.

ABC Containerline, a combined bulk/container operation run out of Belgium, has come to symbolise everything that the Conference are now up against: a vociferous owner prepared to use any publicity gambit at his disposal, using ships built with massive subsides from governments anxious either to save their shipbuilding industries or create ones from scratch, providing a slower and less frequent service attracting the higher paying cargo through lower rates, while leaving the lower paying cargo to the Conference.

To their credit, the Conferences have now started to show a responsiveness to shipper demands and a willingness to justify their rates to a degree unheard of five years ago. Mr. Alan Bott, director of OCL, has been prepared to argue his company's case in public and appears to have safeguarded his Conference's $1.2bn investment in the trade for another few years by so doing. Elsewhere in the Caribbean, the Europe-West Indies Conference, Witass, has adopted the commodity box rates by which outsiders have been attracting cargo for years.

After three years' blood-letting, the liner operators seem to be realising that no one has won. Certainly the shippers appear to have decided that it is better to have a guaranteed delivery at a higher price than taking a chance at bargain basement rates—witness the settling down of the Middle East/Gulf and West African routes.

With the last three major trading areas now in the process of becoming containerised—West Coast South America, India, and South East Asia—the industry must be hoping that the mistakes of the past will not have to be repeated.

Nick Seaward is an Associate Editor of Seatrade.

Last year's rates bonanza unlikely to be repeated

AFTER THE excitement of 1980, when the combined factors of a sudden worldwide interest in coal and the U.S. grain embargo of the USSR led to rapidly rising dry bulk rates, 1981 has seen an almost continuous decline. For example, January saw the U.S. Gulf/Japan grain rate at close on $34 per ton, but the same voyage currently commands around $20 per ton and few brokers are cheerful about the immediate future.

Coal, as a substitute for highly priced heating oil has suffered unexpectedly from the unusual stability of oil prices and the difficulties of Western European refiners. Grain as the vital element in the bulk market seems to have begun to get back to normal after President Reagan's decision to lift the embargo, in spite of many observations that canny Soviet buyers would remain overwhelmingly reluctant to deal with the U.S. in future.

Iron ore as a traded bulk commodity had little part in the 1980 upturn anyway and the continuing difficulties of the European steel industry need no emphasis. Those who point to the possibility of overtonnaging, formerly dismissed as dismal Jeremiahs, are now being thought realistic.

Perhaps the height of coal's immediate impact on dry bulk shipping was reached in February this year, when the total of ships waiting off Baltimore and Hampton Roads loading terminals reached a mammoth 177 vessels, amounting to 12.4m deadweight tons. At the time there seemed little end in sight to the procession, with owners pocketing $15,000/day in demurrage rates and foregetting temporarily about bunkering costs.

The summer recess, however, has brought the figure comparatively low, at 4.5 mdwt and, with the enthusiasm for coal exports that marks virtually every other U.S. port, the Hampton Roads authorities have introduced a system of registration that is heavily in favour of the big, long-term buyers. The problem is that each reduction in the queue dumps a further 1m dwt on to the other bulk markets and most coal analysts feel that even in winter the delays will never be the same again.

This is not to say that the coal trade is not expanding fast. It has already grown by 86 per cent in ton-mileage terms since 1973 and a 2 per cent annual

Dry bulk trades

CHRIS CRAGG

growth rate is generally agreed. It is rather that the boom of 1980 is now seen as the product of specific circumstances, not least of which remains the continuing difficulties of Polish coal supply. Should the latter return to normal, then it is an accepted assumption that the long-haul cargoes out of Hampton Roads bound for Finland, Denmark, Holland France and so on will rapidly become short-haul cargoes out of Gdansk; thereby putting yet more cargoless tonnage on the market.

In addition, stockpiles in Europe, in particular, are alarmingly high and considerably less mobile than similar oil stocks. In effect, the theory runs that those future coal users whose switch needed capital investment will not be ready before 1983; users like the cement industry that could switch easily have already done so; and that those who decided to wait before investing in new boilers have been confirmed in their views by the stability of oil prices and the height of interest rates.

Coal is also becoming more of an integrated operation as it becomes a main stream bulk cargo again. Already the proportion of coal liftings in spot chartered vessels is down to 10 per cent, compared with grain where 90 per cent of all liftings are on spot rates. Hampton Roads regulations now allow privileged vessels to register 18 days before arrival and consequently jump the queue, so owners with bulk vessel ordered speculatively at the height of the great coal rush may be left out in the cold. Until the steel industry picks up, the potential for delays and complications offered by steam coal will not be apparent.

This development might be less serious if the grain embargo was still on. With purchases of 25.6m tons in the 1980-81 buying season the USSR took only just above 6m tons from the U.S. and something close on 7-8m tons from Argentina.

It being a further 1,000 nautical miles to Argentina, the Russians paid considerably more for their freight and took a deal more tonnage. Unhappily for predictions that more of the same would follow, the Soviet crop has once again suffered bad weather with the need to supply Poland being an added factor. Consequently, the USSR was back in Vienna by early August asking for a renewal of the grain pact with the U.S. and Soviet buying had reached over 1m tonnes within three months of the embargo's removal. This is based on the assumption that, unless the Polish situation deteriorates rapidly, the U.S. will supply as much as the USSR cares to take, to the exclusion of other high-cost freight sources.

The U.S.-China grain trades may be the salvation of the bulk market with imports predicted by the International Wheat Council only just short of the USSR at 13m tonnes. India has also recently re-appeared as a grain importer, although this has much to do with internal arguments about prices and less to do with real shortage.

Nonetheless, with little extra tonnage being utilised in the minor bulk trades and a world decline in the seaborne trade in iron ore, variously estimated at between 4-6 per cent in 1980, the new order book looks increasingly alarming. At the height of rates in January new orders in the 125,000 dwt and larger range were more than double the current operating fleet, with all of it due for delivery before the end of 19[illegible].

WORLD BULK CARRIER FLEET*

	dwt (m)	No. ships
Current fleet	147.1	4,[illegible]
—of which ore carriers	12.2	[illegible]
On order	41	[illegible]
—of which ore carriers	2.8	[illegible]

* End-August 1981 (excludes specialised Great Lakes ships)

Source: H. P. Drew

This represented 29 vessels and totalled just over 4m dwt. The Panamax size range on order was close to a 15 per cent increase, with vessels of 50-90,000 dwt also increasing by 32 per cent. In effect, the type of vessel used for transporting coal out of Hampton Roads will have 92 more rivals by the end of this year.

This represents, according to the Oceanic Shipping Corporation, an investment of $12.3bn, some $2bn of it invested by governments in specific tonnage for designated routes and something like 80 per cent of it funded by various kinds of debt financing in a world of high interest rates.

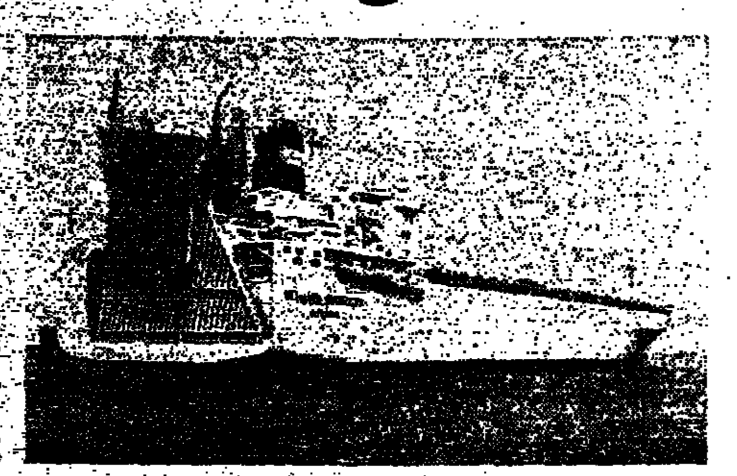
Significantly, the queue at U.S. east coast coal ports consisted, in January, of 9 per cent of the total ships in the 20,000-40,000 dwt range and 18 per cent of the 40,000 dwt and over. Now, proportionately, it represents 3 per cent and 9 per cent respectively against a rise in tonnage of aggregated new orders of 33.5m dwt, or 593 ships.

Once again it would appear that the collective wisdom of shipowners and state-subsidised shipbuilding has rather overestimated the enthusiasm and the rates have reacted accordingly — namely, back to the levels of May 1979 when laid-up aggregated tonnage was around 5m dwt.

Matters are considerably worse in the tanker sector. Once the breakers' yards have dealt with the tanker scrap mountain, scrap prices may tempt them towards a few of the older fuel-inefficient bulkers. As one broker put it: "It's the good old, fine old, classic shipping cycle once again."

Chris Cragg is an Associate Editor of Seatrade.

Small but integral part of the cargo fleet



Nedlloyd Rochester is the latest of five specialist ro/ro vessels owned by Nedlloyd. It operates on the U.S./Middle East service

Roll-On/ Roll-Off

JEFFREY BROWN

OVER THE past dozen years, ro-ro has been transformed from an interesting experiment into an integral part of the world shipping industry. Conventional cargo ships still dominate the world's sea-lanes, but ro-ro operators may be found in increasing numbers, especially on short sea routes.

Half-way through this year the world general cargo fleet (excluding tankers and dry bulk carriers) stood at 106m deadweight tons of which ro-ro accounted for 4.7m tons, or *just under 5 per cent*. By value, the comparative representation is probably a bit higher since capital costs for ro-ro tend to be a greater than for conventional tonnage. On short sea routes, ro-ro can justly claim a *significant* presence, notably among ferry operators.

Ro-ro's claims to be a growth sector in an industry otherwise burdened with over-capacity and flagging demand are presently open to doubt. The *graphs* indicating the amount of new tonnage coming into service have flattened out noticeably over the past year. Even so, champions *of* ro-ro are unabashed. The concept continues to prove its durability.

There are blemishes, however, in that collision and fire risks are high. Unlike conventional ships, ro-ro vessels are not compartmentalised and all that central space makes life difficult if a ship starts to take *water*. At the *same time, trucks* and cars line up on deck, usually fully laden with fuel ready for the outward journey.

In recent years, however, there has been a significant tightening and streamlining of safety procedures, and the ro-ro vessel heading down the slipway *today is in many ways a remarkable* piece of capital equipment. It also comes armed with a number of impressive cost advantages.

There are four main arguments for the advancement of the customer a door-to-door service; turnaround times are rapid; nearly all ports can be used; and dock labour problems are minimised.

In its purest form (and more than half of the world ro-ro fleet is pure ro-ro) the industry offers the customer a door-to-door transport service that eliminates *the re-handling of cargo*. This, in theory, reduces pilferage. Since sophisticated handling equipment is not needed in docking, ro-ro ships can trade on a wide number of routes, providing the owner with operating flexibility.

At the same time, ro-ro turn*round times can be rapid.* This is crucial on the more tide sensitive trades, but it is also ro-ro's major cost advantage. Quick turnround times increase an operator's throughput and spread costs over a greater number of working days. *Finally,* and for obvious reasons, ro-ro is *less exposed to dock* labour problems.

Ro-ro falls into two distinct categories, deep sea and short sea. The bulk of ro-ro tonnage lies with the deep sea operators where ships are understandably larger. *Something* like two-thirds of ro-ro tonnage is linked to deep sea trades. Recent growth in deep sea ro-ro has been little short of spectacular with tonnage in service rising from less than 1m deadweight tons to over 3m tons in the five *years to* 1980.

Until *recently,* deep sea ro-ro has always looked comparatively recession proof. Economies of scale have been paying off on *the more mature* trades as owners have moved on to newer generations of larger ships. There has also been buoyancy in and around African and Middle Eastern markets, where the efficiency of ro-ro in work*ing from poorly* equipped ports has helped underpin demand.

However, *deep sea* ro-ro rates have shown signs of easing lately, and economies of scale are no longer eating quite so rapidly into overheads as ships start to reach their optimum size in terms of turnround efficiency. Groups like Barber *Blue Sea,* the deep sea ro-ro consortium owned by Ocean Transport and Trading and Wilhelmsen and Brostrom of Sweden, are still *making solid profits, helped by* the recent recovery of the dollar. But *over-capacity is starting* to have an impact.

Over-capacity has been making life hard for the short sea operators for some time, notably on the cross-Channel trades where competition has *this year developed* into open warfare between the major *ferry companies.* Price cutting has been violent and a number of defensive mergers have taken place.

For companies like Sealink, European Ferries and P & O, which between them control around 80 per cent of the cross-Channel business, the freight *market has been very* weak. Tourist business has been holding up *comfortably* in terms of volume, but margins have been depressed by competition. In the first seven months of this year freight volume through the main cross-Channel port (Dover) was down by 2.5 per cent. The tourist trade, passengers plus accompanied cars, was *about 10 per cent up*.

P & O, as the smallest of the *big three ferry operators*, has plainly been feeling the pinch. The company looks back on the 1981 season as the worst in living memory, suggesting that both passenger and freight rates on its ferries were anything up *to a quarter too low for financial* comfort.

After a run of losses, the two cross-Channel hovercraft operators, British Rail's Seaspeed and *Hoverlloyd* of Sweden, decided this summer to merge *in the hope of taking some of* the chill out of trading.

A *number* of ro-ro operators have been huddling together in the congested Scandinavian waters too. *DFDS*, the ferry company controlled by the *Lauritzen group,* has *acquired* the North Sea operations of Tor Line of Sweden.

As for the shipbuilders, most yards still have plenty of ro-ro orders on hand but the inflow of new work has now begun to tail off. British yards receive a steady stream of new business *from the major UK ferry group*, Sealink, which by virtue of its British Rail ownership is more or less forced to buy locally. But competition in the real world of free enterprise is fierce.

The Scandinavians have a long tradition of ro-ro construction. Rauma Repola of Finland busily promotes its services. Kockums, the Swedish yard, has recently won a £130m order to deliver four 38,500 deadweight ton ships to Saudi Arabia. These are huge by ro-ro standards. The *German yard of Schicau Unter*weser has just deliever a number of ro-ro vessels to European Ferries.

Threat to seaborne trade

Maritime fraud

JOHN MOORE

MARITIME FRAUD is a growth *industry*. It has always enjoyed a place in history and has romantic overtones, but in recent years the audacity of some of the frauds and the growing *size* of the amounts of money involved have made it a serious *international* crime which has caused worldwide *concern*.

Reported incidents suggest that something like $200m is lost annually through maritime fraud. But the true figure is likely to be a lot higher as a large number of frauds go unreported.

The various types of fraud are as follows:

- Documentary. A non-existent cargo is sold. The seller presents false documents to the paying bank and obtains payment under a letter of credit. By the time the buyer discovers the fraud the seller is untraceable.
- Charter party. The charterer of a time chartered vessel collects freight, stops paying *hire and disappears, leaving the* shipowner and consignees to pick up the pieces.
- Another variation of the charter party fraud. A chartered vessel is "arrested" by an accommodating creditor and auctioned. A "front" company controlled by the previous shipowner *buys* the vessel and makes extortionate demands from the cargo interests.
- Rust bucket. An old vessel laden with valuable cargo puts into an intermediary port of convenience, offloads the cargo and subsequently sinks. At times the vessel reappears under a new identity, after having been reported lost.
- Other types of fraud include the over-invoicing of goods, and arson.

Documentary fraud figures in all classes of fraud except the simple scuttling cases.

Mr Eric Ellen, former chief constable of the Port of London Police, who now heads the International Maritime Bureau which was set up last January by the Paris-based International Chamber of Commerce, has identified several reasons for the recent growth in maritime fraud.

Mr Ellen said it has been caused by:

- Regulatory loopholes. Under the Uniform Customs and Practice for Documentary Credits banks deal in documents, not *in goods*. If the *documents* appear to be satisfactory, the bank must honour the credit. The system relies entirely on the honesty of the sellers, and works in most cases, but a seller can make out his own bills of lading and present them to the bank. He need not even forge the *forms* for blank bills of lading are on sale to the public at many stationers.
- Excessive trust. In international trade transactions many *buyers and sellers tend to ignore* the principle of *caveat emptor*. Often *no* independent inspection of certificates is demanded and the credit worthiness of the seller is not checked. Moreover, once defrauded, many victims do not report the loss to the authorities.
- *Jurisdiction problems. With* an average of four to 10 countries *involved in a typical* fraud, investigations can be difficult to pursue. Fraud generates little public concern and therefore has a lower priority for investigation. Police forces of certain countries do not have a commercial crimes branch.
- Other factors. There are 196 sovereign states, compared with half this number before World War II, and this has created more difficulties in dealing with internationally agreed laws.

The sudden wealth of oil-rich nations created *disproportionate* trade flows to the oil countries. The *existing port facilities* could not handle the inflows of *consumer goods* and construction materials and severe congestion occurred. Some shipowners seized the opportunity for illegal sales of their cargoes.

The International Maritime Bureau, which is based in London, collates information, tracks cargoes and maintains a "rogues gallery" of dubious operators. Members receive a series of confidential alerts to help them avoid *risky* transactions. Although only in operation since January the Bureau claims to have saved members and other clients an estimated $28m *by* the detection of phoney documentary credits. *About a dozen arrests* have been based on the Bureau's information, the latest in connection with a multi-million dollar fraud in grain shipments to China.

The Bureau was formed by the International Chamber of Commerce as a direct response to business concern about the *incidence of fraud. The Bureau* cannot itself take action but it provides a tip off service for the authorities around the world, serving as a clearing house for information.

A more daring type of crime is also taking place, however, that of simple piracy. Ships off *Lagos* have begun to *hire local* men armed with bows and *arrows to* repel boarders. *Ships* have been attacked while anchored five or *six* miles out in the fairways as well as when berthed at the quayside.

Several Japanese ships have been attacked by armed pirates *in the Straits of Singapore.* According to the Japanese Shipowners' Association seven incidents have been reported and the Association is pressing the Japanese Transport Ministry to take action against the pirates. *According* to the Japanese Association, the pirates approach vessels in small boats and hold up the crew with guns and swords before making off with the cargo, or part of the cargo.

The International Maritime *Bureau has reported a* resurgence of ship disappearances in the Eastern Mediterranean and has said that these could be linked with the stockpiling of material by hostile factions in Lebanon in preparation for more fighting.

Another agency to have had *some success in curbing* the incidence of fraud is the Far East Regional Investigation Team (FERIT), which has established a data bank to keep the authorities informed. Under the auspices of the Salvage Association of London and financed by marine insurance group, a FERIT investigation revealed in November 1979 that fraud on a cast scale had taken place in Greece and the Far East.

Although it was only formed in *1979 FERIT has done* much to stem the tide of fraud. As yet it will be *some* time before these new agencies begin to have a large impact on stopping or preventing fraud and insurers continue to be worried about the overall problem.

This summer the Institute of London Underwriters warned that there could be a possible breakdown in world trading systems unless maritime fraud is swiftly overcome. Although fraud at present affected only a small proportion of world *trade*, said the Institute, it was still *growing*.

High rates of growth expected to slacken now boom years are over

LAST YEAR saw a 22 per cent rise in container traffic in the world's ports, reflecting increased business at established terminals—especially in the Far East—and the spread of the box to other ports. However, the sort of growth rates the industry has become used to are likely to slacken off.

Altogether, just over 36m 20 ft equivalent units (teu), the industry's standard measurement, of container moves were recorded in 1980 against less than 30m teu the previous year. More general cargo liner trades will go over to containerisation in the next year or so. Yet total traffic demands are expected to grow less rapidly and the expansion in the world's container carrying fleet has been easing accordingly.

True, there have been some significant container shipbuilding contracts concluded over the past few months. The ordering from South Korea's Hyundai shipyard of nine 1,800 teu, 17-knot vessels for delivery in 1983 by the Kuwait-based United Arab Shipping Company (UASC) was the most spectacular, all the more so since the $400m deal, which also included the supply of 14,000 containers, is a cash transaction. Nevertheless, the annual growth rate in the number of container carrying slots in service has declined from a yearly mean of 21.8 per cent through 1975-80 to 14.7 per cent during 1978-81.

Even though the pace with which container-carrying vessels are being ordered is slackening after the heady years of the mid to late 1970s, several European carriers have, in anticipation of containerising their services to the developing world, been talking recently of ordering new containerships. For example, West Germany's Hapag-Lloyd, which already operates 44,180 teu of container-carrying slots, is planning to invest up to DM 600m during the next three years in acquiring four to six ships in the 1,500 teu/1,800 teu, 19-knot range.

The Dutch carrier, Nedlloyd Lines, is talking of constructing four container ships, again of about 1,500 teu and with speeds of 19 knots. Deutsche Afrika-Linien (DAL) has already contracted with AG Weser of West Germany for a pair of 1,280 teu ships. Scheduled for delivery in 1983, these vessels will most probably be used on the trade routes between Europe and East Africa.

It is worth noting the relatively slow speed of these proposed or ordered vessels. Steadily rising fuel costs have put paid to speed as a virtue for all but a few operators, such as Denmark's Maersk Line.

The container may indeed be on the verge of "conquering the Third World" as one West German shipping executive remarked recently, but the process is a long and arduous one, especially for the conference carriers. This is particularly true on many routes to and from the UK and Europe to developing countries, where conference studies on traffic flows, the most favoured ship types—usually vessels in the 1,300 teu/1,600 teu capacity range and with speeds of 18-19 knots carrying their own shipboard cranes—schedules, joint service arrangements and port facilities are now being undertaken.

Increasingly, though, a variety of factors are pressuring the conference members to reach a decision as to when and how they should containerise their services between Europe and the UK and the whole of Latin America, East Africa (the British lines have already done so), India, Pakistan and Indonesia. Such pressures are many and varied but they include:

- Steadily rising costs which are making it increasingly impossible for western liner shipowners to continue operating conventional tonnage under their own flag (as of mid-1981 the monthly crew cost for a West German flagged vessel was nearly $50,000 per month—including overtime—compared with about $18,000 for an Indian crewed ship).
- Steeply climbing bunker costs which have made it more imperative for the carriers to deploy larger and more economical tonnage, namely containerships.
- growing congestion at many of the developing countries' harbours, partly because of the increasing numbers of containers being shipped on conventional tonnage and a lack of suitable port facilities.
- rapidly rising container handling costs in developing areas where boxes carried on conventional vessels are still charged on a per ton basis like general cargo.
- commercial pressure from outsiders which sometimes provide a superior service to the conference lines, much to the latter's chagrin. This has been especially marked in the case of India and Pakistan where lines serving the Persian Gulf have sought boxes on the return trip from the Indian subcontinent in an effort to avoid ballasting back to Europe or the U.S.

Spurred on by these pressures the pace with which the respective conferences are shifting to the box is finally beginning to pick up. For example, the UK conference carriers' Beacon container service is now well established in the East African market, while West Germany's Hamburg Süd, which has been using vessels in the 422/520 teu range on its Europe/South America east coast run, plans to instal a 1,200 teu containership in this service later this year.

An announcement by the British and Continental lines of their container plans for the India/Pakistan route is imminent. However, things are moving more slowly on the west coast of South America, where a full container service to and from the UK and Europe is not expected before late 1983. In the meantime, though, semi-container vessels are being run. Significantly much of the impetus to containerise in that area is coming from the Japanese lines, some of which have already started container links to South America's Pacific Coast.

Container shipping

JANE BOYES

On the Europe/Indonesia trade many of the local lines, such as Djakarta Lloyd which has three 1,230 teu, 17-knot vessels under construction in West Germany, are ahead of the more established operators which are still "studying" various alternatives.

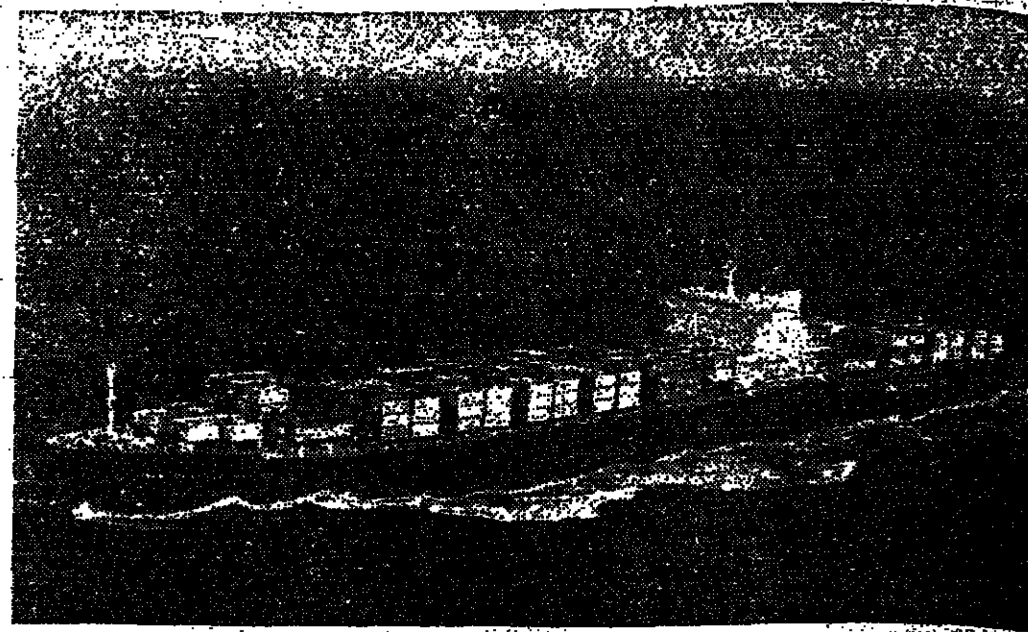
When developing country carriers show an interest in containerising their services, they often opt for multi-purpose vessels in preference to pure cellular tonnage. For example, the Shipping Corporation of India (SCI) has developed a network of container links to Australia, the U.S., Europe, the UK, East and West Africa, with semi-container vessels. SCI now has a fleet of 34 of what it terms "container oriented" vessels with a total capacity of 11,421 teu.

Similarly, China Ocean Shipping Company has a fleet of more than 40 ro-ro and semi-container vessels with a total lift of 13,800 teu. However, the existence of such fleets (many South American state-controlled carriers boast a similar range of vessels), which are in many instances only a few years old, does inhibit the pace at which containerisation can develop on these routes. Understandably such companies are reluctant to embark on new building programmes while having such young fleets.

The container shipping community has also been concerned with trading conditions in the more established markets such as the transpacific, transatlantic and Europe/Far East routes, which collectively still probably account for over half of the world's container business. However, competitive conditions in these trades have eased in 1981, after the hectic rate wars on the transpacific and transatlantic routes in 1980.

In both instances the disappearance of a number of carriers (10 on Pacific routes and four on Atlantic) has helped. Despite outside competition in the South-East Asian market, the Europe/Far East trade has reported loadings of 80 to 90 per cent on the traditionally weaker eastbound leg, and although UK container carriers may well see their profits for 1981 diluted by the effects of the seamen's strike and continuing industrial unrest at UK ports such as Southampton, their continental and American counterparts are hoping for a better return this year.

Jane Boyes is Editor of Containerisation International.



The "New Zealand Pacific," one of the largest refrigeration container vessels in the world, will be carrying 1,223 containers of exported meat to Europe in 1982

WORLD CONTAINER FLEET CAPACITY *

	Current fleet (teu)†	No. ships	On order (teu)	No. ships
Full container	674,372	543	107,732	91
Container/ro-ro ...	179,253	204	52,778	60
Container/barge ...	24,670	21	1,026	2
Total fleet	878,295	768	161,536	153

* End-August 1981. † Twenty foot equivalent (basic container unit).

Source: H. P. Drewry

Pressure for fair shares for developing countries

MOVING GOODS around the seas from one country to another is not the free and unfettered activity it might appear. The shipping industry is subject to a whole series of national and international regulations, and now it is facing a co-ordinated attempt to fit it to the needs of the developing countries.

Through its efforts to control the distribution of liner (scheduled cargo service) trades and bring about the end of flags of convenience, Unctad (the United Nations Conference on Trade and Development) has raised the hackles of many shipowners.

The Geneva-based organisation is concerned that developing nations should have a greater share of the trade in the goods they produce. It also wants to eliminate flags of convenience and so help them build up their own fleets. On both counts it has made something of a start, meeting in the process with a fair amount of opposition from the West.

Phasing out flags of convenience—now more respectably known as open registries—is likely to be a long process at best. Nor is there any certainty that this will eventually happen, though Western European, U.S. and other shipowners were generally taken aback by the firmness of a resolution passed by Unctad at a special Geneva meeting this summer.

As most people know, Liberia and Panama are the main flag of convenience countries. There are others, including the tiny Pacific republic of Vanuatu, now trying to build up its fleet from scratch. But it is the Liberian and Panamanian ensigns that are chosen, chiefly to save on tax and labour costs, by so many owners from the U.S., Hong Kong, Greece, Japan and elsewhere.

Liberia has a larger fleet under its name than any other country and lobbied hard to resist the thin edge of the Unctad wedge in June. However, by a considerable majority, the Group of 77 (representing developing nations) and the Communist countries voted at Unctad for a gradual phasing out of open registries.

It did so in unemotive language that was a far cry from the tough arguing that had been heard within the session. The recommendation in the final resolution was that "the present regime of open registries be gradually and progressively transformed into normal registries by a process of tightening the conditions under which open registry countries retain or accept vessels on their registers."

The next step will be for principles to be drawn up under which ships should be accepted on national registers. There will then be a full UN conference on the whole issue. After some years, an international agreement might finally see the light of day.

Items included in these principles, said the Unctad resolution, should be: the manning of vessels: flag country's role in management of ship-

Regulations

ANDREW FISHER

owning companies and ships; equity participation in capital; and the identification and accountability of owners and operators.

For a fleet like Britain's, which is strong in cross-trading between other foreign countries, the Unctad move could be damaging. Either costs would rise or the ships now in flag of convenience fleets would move to developing countries who would also claim a large share of bulk cargoes.

Unctad's aim of achieving a close economic link between the country in which a ship is registered and its owners has been criticised by the General Council of British Shipping. In its British Shipping Review 1981, the GCBS warned: "The proposal would probably rule out not only 90 per cent of the Liberian fleet, but also 30 per cent of the UK fleet."

It would also, added the GCBS, "hamper the setting up of a developing country's national fleet which is frequently dependent on foreign risk capital." The GCBS felt that shipping safety, another element in the Unctad proposals, would likewise not be improved. "Is it, for example, seriously suggested that the fleets owned by major international oil companies would be safer if the equity were owned by individuals resident in Liberia and Panama?"

Unctad has its own arguments on these points, reinforced in many areas—notably pay and conditions—by seafarers' trade unions. In Unctad's view, once it becomes clear that open registries are on the way out, the shipping finance houses will see the writing on the wall and be more willing to provide financial help where needed.

The situation is rather more cloudy than the strongly expressed arguments on either side would suggest. Sri Lanka, for instance, which put forward the Unctad resolution on behalf of the Group of 77, has announced a partial opening of its own registry. This move was greeted with much raising of eyebrows in the international shipping community in view of the country's strong stand against flags of convenience at Geneva.

For their part, the Sri Lankans say that the connections between owner and flag state will be stronger than elsewhere. At least half the crew will have to be from Sri Lanka, only ships in top condition owned by reputable companies will be considered, and they will be encouraged to set up management companies there.

Although flags of convenience are the latest shipping issue to be taken up by the UN, much of the industry is equally concerned about the move to apportion cargoes under the UN Liner Code. Yet to come into force, the proposed code would allot 40 per cent of bulk cargo trade to exporting countries, the same to those on the importing side, and the rest to cross-traders.

This code was also worked out under Unctad's auspices in the early 1970s. Mr. Charles Hiltzheimer, head of Sea-Land which runs the world's biggest container shipping operation from the U.S., said recently it was "more of a political document than one that provides the detailed and carefully drafted provisions necessary to cope with the complexities of international liner shipping throughout the world.

Other shipping executives share his view, notably the deputy chairman of Royal Nedlloyd of Holland, Mr Jakobus Groenendijk, who termed it "a serious derogation" from free market principles. Both men were speaking at a Venezuela conference organised by the International Chamber of Commerce with the aim of aiding fleet growth in developing countries in a non-dirigistic way.

With reservations aimed at diluting the cargo-sharing concept, the EEC and its shipowners intend to accept the code. According to Mr Hiltzheimer, the code "proposes the most extensive changes experienced in the 100 plus years that liner conferences have existed." But the shipping industry is having to bend, however reluctantly, before the aspirations of the developing world.

Underwriters still gloomy despite improving trends

Insurance

JOHN MOORE

ASK ANY underwriter in any year about the prevailing trends in his market and he will say that business has never been so bad, premium rates are at wholly uneconomic and irresponsible levels, and there is little sign of an upturn.

It is a traditional answer by marine insurers who predictably do not wish to raise the suspicion in their clients' minds that underwriters might be making a profit at their expense. And an atmosphere of gloom and despondency can often perform wonders in hardening insurance rates further.

Nevertheless, marine underwriters have been under pressure in recent years. Worldwide competition from other newly emerging insurance markets has kept rates under constant pressure, while the high level of interest rates has encouraged all underwriters to lower rates to preserve market share.

At the same time the figures for merchant shipping tonnage lost rose to new peacetime records. In 1980, the Institute of London Underwriters reported for 1979 the worst casualty numbers ever encountered in peacetime. A total of 2.3m gross tons, compared with 1.4m gross tons in 1978, has been lost. In terms of percentage of total world tonnage, the 1979 losses amounted to 0.56 per cent compared with 0.35 per cent in 1978.

In 1980 the losses showed a fall from 2.3m gross tons to 1.8m. Vessels over 500 gross tons lost numbered 228 compared with 279 in 1979 and 260 in 1978.

The improving trend continued into the first half of 1981. Ships lost at sea during this period will cost the marine insurance market around £67m compared with £88.1m for the corresponding period in 1980. Figures compiled by Lloyd's Intelligence Department in London showed that insurance claims have been settled on ships regarded as write offs representing 197,321 gross tons for the first quarter of this year and 90,173 gross tons for the second quarter.

For the first six months the combined total is 287,494 tons compared with 477,583 gross tons in the first six months of 1980.

At Lloyd's where they will not be closing the 1979 account until the end of this year under the market's three year accounting system, they are still gloomy about the final outcome in spite of the improving trends.

The premium income has increased in the 1979 account by 9 per cent so far over the 1978 account but settled claims have increased from £190.9m to £264.8m (or 31.5 per cent of premium), an increase of nearly 40 per cent. In part, says Lloyd's, this is because of the worst year ever for shipping losses. However, the market also faces a record payout, along with a number of insurance companies, of $300m on the largest ever loss to fall under a single marine contract: on the three LNG vessels damaged under construction at Avondale in the U.S.

"It seems unlikely that many syndicates will produce a pure underwriting profit and in many cases profits, if any, will be derived from investment earnings," Lloyd's said.

Yet the trends are not as bad as they appear. The marine account's claims settlement ratio in the 1979 underwriting year is nowhere near the levels reached when the marine market had to meet claims arising in the aftermath of Hurricane Betsy in the mid-1960s. Moreover, overall underwriting performance is supported by high investment returns. More importantly, rates are hardening following the huge losses in 1979 and the casualty trend has improved.

Lloyd's said that its 1980 account after one year has shown an increase in premium income of 14 per cent, while claims have risen by about 13 per cent on the 1979 account. "However, with world shipping losses standing at the second highest figure ever, it looks like being another difficult year . . . this account will also bear the brunt of substantial losses arising out of the Iran/Iraq war."

It is already predicted that hull casualties in 1981 will reach the record figures of 1979 and 1980, and the recent losses of the 2,832 gross tons Panamanian-registered drilling ship Petromar V, and the 13,667 gross tins Liberian-registered cargo ship Blue Hawk, will not help.

The high losses of the last two years have been influenced by a number of factors. The Institute of London Underwriters, representing over 100 member insurance companies, including overseas companies, blamed some of the losses on a serious shortcoming in standards of management and crewing in a material proportion of world shipping.

"Underwriters can do little, in a technical sense, to staunch the flow of ship collisions and sinkings. But they can, and should, apply insurance strictures on shipowners who flagrantly disregard safety measures and regulations in the quest for economy, and who pay scant attention to officer and crew training and standards," the Institution observed.

In an effort to impose some order in the market following a series of tanker casualties, underwriters in London raised their rates on tankers and bulk carriers over 75,000 dwt by "a minimum of 0.1 per cent if the vessel is fitted with an inert gas system." Owners with tankers without such a system had to pay an additional premium of 0.25 per cent. London insurers moved to establish a standard inert gas system warranty.

Insurers have been faced with a rising incidence of marine insurance fraud and underwriters in London urged vigilance on the part of insurers, assured and bankers to help frustrate criminal activities. However, even though underwriters took steps to join forces to pool information on various fraudulent activities in the shipping world, there is little sign of marine fraud decreasing in frequency.

The Iran/Iraq hostilities have provided Lloyd's and international insurers with another headache. Underwriters rushed to insure ships sailing to the Gulf during the outbreak of hostilities, charging high premium rates and imposing additional premiums in an effort to generate business. Those seeking a bigger share of this business undercut rates relying on extensive reinsurance protection to make an ultimate profit.

A recent opinion by the Joint Excess of Loss Liaison Panel, an unofficial body composed of Lloyd's underwriters and representatives from the company market, caused controversy in the London insurance market. The ruling said that underwriters could not use the Iran/Iraq hostilities as a "single occurrence" to aggregate their losses and so virtually automatically trigger their excess of loss reinsurance protections. Claims should not be paid by reinsurers on a global or collective assessment.

With each claim having to be individually assessed rather than submitted as part of a portfolio of losses to reinsurers, underwriters are finding that they are not able to collect as much from reinsurers as they had anticipated. The ruling has left some underwriters cruelly exposed on their Iran/Iraq war risk accounts and there has been a rush for further reinsurance cover.

Marine claims settlement ratios at Lloyd's

(figures expressed as a percentage of net premiums)

Underwriting year	After 1 year	After 2 years	After 3 years	Technical result †
1970	19.74	32.07	88.04	11.96
1971	17.05	26.22	89.16	10.84
1972	16.50	23.53	87.24	12.76
1973	22.71	27.62	90.91	9.09
1974	27.57	32.72	93.94	6.06
1975	21.70	26.39	90.32	9.68
1976	19.06	22.61	88.25	11.75
1977	20.25	24.03	89.02	10.98
1978	24.91	24.74	90.93	9.07
1979	32.59	31.54	*	*
1980	32.25	*	*	*

* Open years of the Lloyd's account.
† The underwriting profit (premiums less claims) as a percentage of premiums before any adjustment for investment income.

Move to end flags of convenience

Maritime unions

BRIAN GROOM

SEAFARING unions grouped in the International Transport Workers' Federation (ITF) publicly proclaim as a milestone this June's majority vote of the United Nations Conference on Trade and Development's (Unctad) shipping committee in favour of gradually ending flags of convenience.

For the first time, the ITF says, it has a major international body as a positive ally in its 30-year campaign to haul the flag down on open registries such as those of Panama and Liberia. The unions believe that these registries result in appalling pay and conditions, heavy shipping casualties, pollution and the sharp decline of the fleets of "traditional" shipping nations.

Union leaders recognise, however, that there is still a long way to go before flags of convenience (FOCs) are eliminated. Many concede privately that they fear the actual impact of the Unctad vote will be marginal.

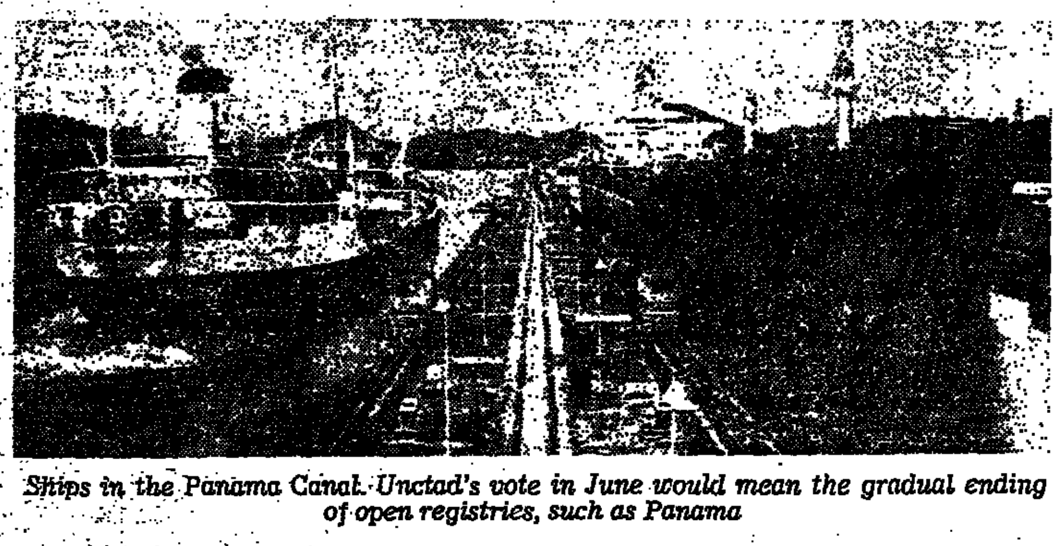
The Geneva vote, forced by the developing and Communist countries, and carried by 49 to 18, was for the present regime of open registries to "be gradually and progressively transformed into normal registries by a process of tightening the conditions under which open registry countries retain or accept vessels on their registers."

If this transformation were to happen, the FOCs would wither away because there would be no point in sailing under them. Continued international pressure may force the FOC countries to tighten up on inspections and safety, some union leaders argue, which would drive out some of the more unscrupulous shippers; but until they cease to tax low and tax on tonnage rather than profits, the so-called "free flags" will remain attractive to shippers.

The next step is for an intergovernmental preparatory group to meet in the spring and draw up principles by which ships should be accepted on national registers. This would lead to a full UN conference, and the possible emergence of an international agreement.

Information is being sought from countries on conditions of registry, but the ITF believes that those OECD countries which opposed the Unctad vote are dragging their heels. It means that they will hamper the preparatory group's work, perhaps to the point of promoting a boycott.

If an international agreement is reached at the UN, however, some countries may not ratify it. Mr Harold Lewis, general secretary of the ITF, is less worried that others about this. "The adoption of an international instrument has some effect even if ratifications are not numerous," he argues. It would increase the presure of international opinion.



Ships in the Panama Canal. Unctad's vote in June would mean the gradual ending of open registries, such as Panama

The ITF began its campaign against FOCs in 1948. It considers itself the most active of international trade union organisations because of the international character of large sections of the transport industry, such as the maritime trades and civil aviation. The growth of FOCs, however, has been a constant thorn in its side.

Traditional maritime fleets (Western Europe, Scandinavia, U.S., Soviet Union, Greece and Japan) controlled 81 per cent of world shipping in 1950, but the figure is now 50 per cent. The 31 per cent decline represents the share now under FOCs.

The ITF has two aims: to see open registry shipping phased out and, until this occurs, to secure better pay and conditions for seamen on FOC ships. Its activities in pursuit of the latter goal have been sharply controversial.

There is a virtually continuous stream of ITF dockworker affiliates somewhere in the world "blacking" flag of convenience vessels on which crews are claimed to be underpaid. A total of $15.1m from 227 ships was collected by this means last year in "unpaid wages" for seamen, plus a somewhat smaller sum in contributions to the union's welfare fund.

The ITF has a "collective agreement" which provides for a basic $703 a month for an able seaman—considerably higher than the International Labour Organisation's minimum. It leaves alone the 25 per cent of FOC ships with which it claims to nave agreements, but seeks to impose its rates on others.

Blacking is most common in Northern Europe, Italy, Spain, Israel, Australia and New Zealand, and Mr Lewis argues that the money some shipowners are prepared to spend on legal actions to restrain it is a measure of its success.

He concedes, however, that money won for crews—usually poor men without unions from the Third World—is often subsequently demanded back by the officers with menaces. ITF policy is to collect money on behalf of crews and send it to their home addresses, but this is not always possible and some of it ends up back in the hands of the shipper.

Companies argue that it is nonsense to have me same pay rates for seamen regardless of the cost of living in tneir nome ports. The ITF agrees, as long as ships are under different national flags, but claims that FOCs are in a special category.

The unions look to politcal lobbying, however, to do away with flags of convenience. Open registries will be sunk, they hope, by a combination of pressures from the developing countries and the unions.

This is an alliance of self-interest. The developing countries, which control only one-tenth of world shipping fleets but generate the lion's share of bulk cargoes, believe the growth of their own fleets would be assisted by the abolition of FOCs. The unions believe seamen's conditions and maritime safety would improve.

The FOC lobby challenges these views on many counts. Shipowners argue, for instance, that the ITF campaign benefits seamen only from developed countries. The ITF replies that only when all seamen sail under identifiable national flags will anyone be able to a get a proper grip of exploitation.

The economics of the matter is deeply disputed. The ITF is appalled that Western European countries which have seen their fleets pulverised should back FOCs. The EEC Commission submitted to the Geneva meeting that open register shipping on balance was beneficial to the Community's economy, and a number of governments, Britain's included, point to the boost which competitive freight rates give to trading opportunities and the jobs which depend on them.

Perhaps the most fundamental division is over safety. The FOC lobby argues that this is a separate issue, while the unions claim that proper enforcement will never take place until open registries disappear.

This November the concept of "port state control" becomes a reality with the implementation of ILO Convention 147, which means that countries visited by ships have a responsibility for ensuring they meet safety standards. The ITF regards it as a major, but limited, advance, and points out that even those countries which carry out their obligations will have difficulty in levying distraint on shipowners not resident locally.

Protected by a wide spread of operations

The Brokers

JEFFREY BROWN

SHIPBROKERS had a good 1980 with profits recovering from the generally depressed levels of the previous two years. Tanker business remained flat, but bulk cargo rates were at their best for a long time and broking volume rose sharply. Strong prices for second-hand tonnage helped push up returns of ship sale business.

Among the major brokers who disclosed earnings there were some very useful performances. Profits at Galbraith Wrightson rose by 46 per cent to £1.6m before tax for 1980, while at Lambert Brothers Shipping the gains were even sharper, helped by a final quarter boost from the foreign exchanges. Lambert's profits were 77 per cent ahead at £1.55m pre-tax for the year ended March, 1981.

Matching these sort of performances is not going to be easy in the current year. Tanker business has stayed depressed and the trading background in bulk cargo is less healthy than it was a year ago. However, the brokers have the strength of the dollar on their side. Shipbroking is a dollar-based business, and this year's currency translation gains are likely to be substantial.

Longer-term, the deepening recession in world trade poses obvious threats to profitability, but most brokers are fairly sanguine about the outlook. They have lived through troubled times in the past, and the big houses now have a very wide spread of international operations.

Essentially, a shipbroker is a middle man, matching demand with supply and providing a clearing house for shipping transactions. Cargo is found for empty ships; ships with spare carrying capacity are put in touch with customers in need of transport. Brokers are also involved in any number of related operations on the sidelines, most notably the handling of ship sales.

It is a complex business, based on simple ideals and values but supporting all manner of broking lifestyles. At one end of the scale is the major international house working from a prestigious City address; at the other are single rooms containing two-man partnerships, operating from half-a-dozen telephones. Their common thread is membership of the Baltic Exchange which, in some form or another, handles perhaps three-quarters of all the world's open market ship cargo movements.

The Baltic Exchange includes some 700 individual broking companies on whose behalf 2,500 brokers are entitled to trade on its floor. These days modern electronic communications have reduced the Exchange to little more than a valuable meeting place for members, but its traditions—and ideals—continue to influence and maintain London as the foremost shipbroking market.

There are major shipbroking centres in New York and Hong Kong, and a number of London-based brokers have offices in different part of the world. But, internationally, none of them can really rival the London market, which exploits to the full its favourable position in the world timescale.

Thanks to its geographic position, broking in London is a 24-hour business, and as a result many houses have facilities for staff should they wish to stay for the night. At Galbraith Wrightson, a global communications system is in operation from 7.30 am to 10.30 pm, enabling the company to match-up East-West trading in one day. The company has a staff of 130, of which around 75 are full time brokers.

In return for working long hours, the brokers, reward is usually a commission of 1¼ per cent of gross freight or hire. For this he will oversee the voyage, attend to any problems arising from either of his principals—charterer or shipowner—until the venture is concluded, freights or hires paid and any other outstanding matters cleared up.

In very broad terms, shipbroking is divided into two main markets: tankers and bulk cargo. The latter accounts for something like 55 per cent of the total tonnage carried by world shipping in a given year. Of bulk cargo trades around 40 per cent is made up of the five big bulk commodities: iron ore, grain, coal, bauxite and alumina and phosphate rock.

The tanker market is the least complicated of the two. It is relatively recent in its modern context and it exists, mainly through the telephone and telex, between the major centres around the world. There are comparatively few charterers—and these are mostly the big oil companies—and the sector's chartering procedure and documentation is relatively simple.

In contrast, bulk cargo broking is more complex; there are many more charter parties and charterers. Unlike tanker cargoes, which come to rest fairly easily against main coastal terminals, bulk cargo often has to be ferried around inner waterways once it has made its main journey across an ocean. The use by big brokers of small brokers extends the chain of commission.

Against this background, the broker survives solely by providing the best rate for the job, and he does this by scouring the world's markets for the most suitable and least expensive tonnage. The sheer width of the net that the major brokers now trawl around the world in order to pick up the best rates is made possible by modern communications.

In this respect, the modern telex machine created something of a revolution. Poised in the wings is a second such development: the facsimile machine, which is capable of sending photocopies of documents between subscribers' machines. Though not yet in widespread usage, the facsimile machine is a faster and more efficient means of communication than the telex.

Many brokers have adapted modern communication techniques in order to open up new fields, outside shipping. Air broking is the obvious example, although to judge by some of the published returns, the sector has not been among the most profitable adjuncts to the traditional business of a shipbroker.

Instone Air Transport (part of the Galbraith Wrightson group) saw profits before tax fall to their lowest level for nearly 10 years in 1980, partly as a result of weak trading but also because of start-up costs associated with the opening of an operation in the U.S. Instone's activities included world-wide air-chartering, cargo charters, inclusive air tours and aircraft leasing.

Working out the price of disaster

Safety and Pollution

ANDREW FISHER

EVER SINCE the Torrey Canyon ran on to the rocks off the Scilly Isles in 1967 and spilled oil over British beaches, the shipping industry has been uncomfortably aware of the dangers of pollution at sea.

Names like the Amoco Cadiz, which broke up off the French coast 11 years later, and the Betelgeuse, another tanker which exploded in Bantry Bay in Eire in 1979, have kept the pollution and safety issues very much alive, though there have been no really big disasters for some time.

As the size of the world's fleet and the volumes of oil carried by tankers have expanded, so too has the potential for trouble. In 1959 the largest cargo ship weighed only 104,500 dwt; today the biggest is a tanker which tops 560,000 dwt. Nor were there any chemical or gas carriers, or container ships 20 years ago.

Since the mid-1950s the amount of oil shipped from the producing countries to markets around the world has shot up from 250m tons a year to over 1.7bn tons, with 100m tons or so of oil at sea each day. Along with the rise in demand for oil and the increased likelihood of spills have come a host of international regulatory changes and more co-operation within the industry aimed at both prevention and cure.

Through the London-based UN agency, IMCO (Inter-Governmental Maritime Consultative Organisation), tough new rules on both safety and pollution are being introduced. It will be some time before they are fully effective, but the new regime is likely to encourage more scrapping of uneconomic tankers by owners unwilling to pay the cost of converting to the new equipment. For a VLCC (very large crude carrier), this could be $2m or more.

SOLAS and MARPOL are the international instruments developed by IMCO to keep the world's oceans clean and free of major accidents. The former stands for Safety of Life at Sea, adopted as a UN convention in 1974 and extended by a 1978 protocol, which specifies the fitting of equipment to prevent explosions and ensure accurate steering in case of machinery failure.

MARPOL is the name by which the International Convention for the Prevention of Pollution from Ships is known. This 1973 convention has also had a protocol added to it and is designed to curb the dirtying of the seas by oil, chemicals, or waste. Under MARPOL, ships will have to fit crude oil washing (COW) equipment by which oil itself and not sea water is used as the agent for tank cleaning.

This is not only of commercial value, since COW lowers cargo waste, tank washings and corrosion, but also reduces the potential for pollution by cutting the amount of oil still on board after discharge.

For safety reasons, COW must be used with the inert gas system (IGS) stipulated in SOLAS. This is to prevent explosions while tankers are being loaded or unloaded. Also required under MARPOL are segregated ballast tanks, for use only with seawater ballast so that oil and water are not mixed after cargo is discharged.

So far, only the U.S., Britain and Japan have begun to implement the requirements of SOLAS, though enough countries have ratified the convention for it to come into force. It is now up to the other IMCO nations to bring in the necessary new laws. MARPOL, potentially much more costly for the industry, has been ratified by countries representing 40 per cent of the world's shipping, with 50 per cent needed before it can be enforced, possibly in 1982.

Between the conventions and the protocols, the U.S. Government and public had become worried after a series of tanker accidents off the coast, such as the explosion of the Sansinena in Los Angeles. Thus a special IMCO conference was called at which SOLAS and MARPOL had more muscle put into them. The U.S. has gone ahead with the enforcement of the MARPOL rules at its ports before anyone else.

Depending on how many tankers are scrapped, rather than converted to IGS and COW, the cost to the industry of fitting the new equipment could be between $700m and $940m, according to H. P. Drewry (Shipping Consultants) in a review of the new regulations' likely impact.

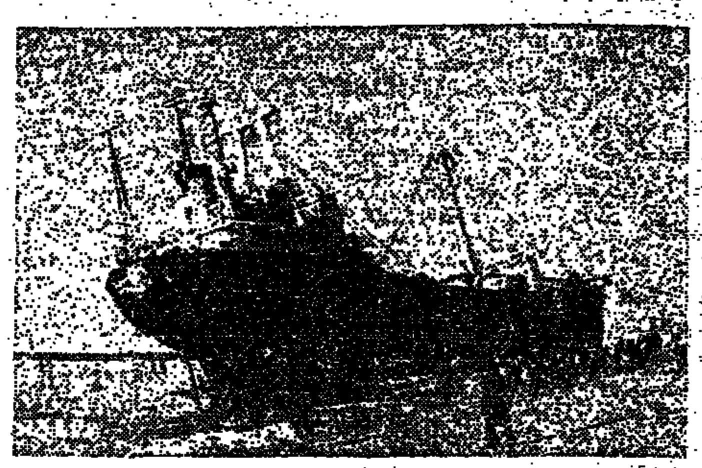
Taking what it called the more realistic "low" scrapping hypothesis, Drewry thought about 500 tankers accounting for over 105m dwt would require COW and 296 tankers (34.1m dwt) would need both COW and IGS. This would put the cost to the owners of the world's tanker fleet at the top end of the estimated range.

Whatever is done to prevent pollution, however, accidents and spills are bound to occur. Over 7,000 spills have been entered since 1974 on the computer of the International Tanker Owners Pollution Federation in London, but most of these are tiny. The Federation's experts have been out to about 100 spills, of which 60 have involved 5,000 tonnes of oil or more.

This year has seen spills off Saudi Arabi, Algeria, Sweden, Brazil, South Africa and West Germany, as well as other countries. Compensation for the damage and cleaning-up costs caused by such spills is provided by TOVALOP (Tanker Owners' Voluntary Agreement concerning Liability for Oil Pollution). Administered by the Federation, TOVALOP has an upper limit of nearly $17m per incident.

Complementing this is CRISTAL, funded by cargo owners and used when other sources have been exhausted. This ensures the availability of $36m per incident.

Nonetheless, working out the cost of a spill, however large, can be extremely difficult. The Amoco Cadiz spill off Brittany cost about $75m to clean up, but experts meeting a few weeks ago at the OECD (Organisation for Economic Co-operation and Development) in Paris concluded that additional damage could cost just as much.



In 1980, a January gale blew this 3,500-ton Greek cargo ship, "Athina B," ashore on Brighton beach

This further damage took into account wider economic losses such as damage to fisheries and oyster farming, lower revenues from tourism, the spoiling of amenities, and harm caused to the environment generally. Tanker owners are generally insured against pollution liability through Protection and Indemnity (P & I) Clubs, which work closely with TOVALOP. There is also a Civil Liability Convention, ratified by 40 countries to date, which puts legal liability on owners and is expected to take over gradually from the voluntary TOVALOP scheme.

The proliferation of acronyms is a sign that the shipping and oil industries are acutely aware of the physical, financial, and moral damage which pollution can cause to themselves and others. There are no guarantees that new disasters will not occur, but the business of cleaning them up and paying for them has at least been put on to a more organised basis.

Coal has a new appeal as output may treble by 1999

Coal Terminals and Ports

ANDREW FISHER

COAL, NOT the most glamorous of commodities, is taking on a new attraction for the shipping industry, though there are differing opinions over just when the upsurge in demand will take place and how powerful it will be.

In the major coal-producing areas of the U.S., Australia and South Africa, costly terminal extensions are planned or under way. The big oil concerns are also keen to expand their coal activities as oil markets continue to stagnate and prices remain high.

By 1990, according to a study made last year, world coal output could double; by the turn of the century, it could treble. The forecasts came from the World Coal Study group (Wocol), prepared under the direction of the Massachusetts Institute of Technology.

Wocol saw the U.S. playing a significant role in this level of expansion, with exports from the U.S. making up some 40 per cent of the world export market. This would mean a 10-fold rise in U.S. export levels from the late 1970s.

At present, only around a fifth of world energy demand is met by coal, where the big growth prospects are seen in steam coal to run power stations and industrial plant.

As more coal is sent by sea and terminal facilities expand, bigger ships will be needed to carry it. Total seaborne coal trade is expected to double from over 180m tons last year to 365m tons in 1990. By this time, feels Mr J. van Oldenborgh, director of transportation at Shell Coal International, the maximum size of coal carriers could be up to 175,000 dwt.

Today, the top size is about 125,000 dwt, but the economics of size will probably encourage the building of larger ships to supply the world's increasingly coal-hungry markets. A further twist could be given to coal shipping prospects if coal-fired vessels come into favour—this would depend upon the rate of oil price rises.

Whatever the speed at which seaborne coal trade grows, there will clearly have to be major investments at the handling ports. Earlier this year, there was still so much congestion at Hampton Roads on the U.S. east coast that around 150 ships were having to queue up at any one time to take coal from U.S. suppliers.

Around 50m tons of coal were loaded at Hampton Roads last year, but the delays obviously landed operators with sizeable demurrage charges. By contrast, noted Mr David Giles of shipbrokers Simpson, Spence and Young, the modern, deepwater terminal at Richards Bay in South Africa loaded 26m tons with no congestion.

In a paper delivered in New York this June, Mr Giles argued strongly in favour of greater investment in the coal trade. Only just over 6 per cent of coal figured in trade by sea, he said, while the figure for oil was around 60 per cent.

Around the world, there are currently nine coal ports which can load tonnages of 100,000 tons or more at a time. These have a combinedt onnage capacity of about 90m tons a year. At the discharging end, 30 ports are capable of taking 100,000-ton ships or bigger, said Mr Spence. The discharge ports have an estimated total capacity of 125m tons or so.

"These larger ports," Mr Spence noted, "will have an increasingly significant role in the trade as the years go by and will be vital to the economics of deep sea trade." Adding together the various major projects, mostly due for completion between 1983 and 1985, he reckoned they would add another 140m tons of loading capacity at the 120,000-ton plus cargo-size range. On the unloading side, there could be a further 135m tons.

Mr Spence pointed out that 14 discharge ports would be capable of taking vessles of 150,000-200,000 dwt, including two in Denmark, three in France, one in Ireland, one in Israel, and one in Japan. Prospects for such ports also exist in Italy and Taiwan.

As for the ships themselves, there has been a marked rise in the number of bulk carriers ordered and designed very much with coal in mind. Some of these could well be coal-fired, said John I. Jacobs, the shipbrokers, in its latest World Tanker Fleet Review.

With their enormous demands for energy and lack of natural resources, the Japanese are well to the fore in ordering coal vessels. They have 33 potential coal-carrying ships on order, ranging betwene 33,000 dwt and 220,000 dwt, said Jacobs.

The most popular size within this span seems to be around 130,000 dwt, a capacity which has also appealed to other companies such as Shell and is well above the 60,000-70,000 dwt shipments common at present. Coal in slurry form could also be carried by tankers converted from oil during the present market malaise, Jacobs suggested.

However, because of the time it will take for the different port expansion plans around the world to be completed, any boost to coal shipping is unlikely to take place for a few years yet.

Furthermore, Shell's Mr Oldenborgh pointed out a danger. If coal exporting and consuming nations insist on using their own flags and, perhaps, on building their own ships, there could be too much capacity. For the moment, though, most eyes are on the potential.

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BL's JAPANESE CONNECTION

Enter the stopgap saloon

By Kenneth Gooding, Motor Industry Correspondent

ON CHRISTMAS DAY 1979 BL's chairman Sir Michael Edwardes made a dramatic dash to Japan. Two days later he signed a contract for his company to produce a Japanese car in Britain under licence from Honda.

Today that vehicle, now known as the Triumph Acclaim, is launched after an 18-month development programme which has been the automotive equivalent of the three-minute mile.

From the start the project—the Acclaim is the first Japanese car to be assembled in Europe—has been controversial. The French and Italians, in particular, accused BL of helping the Japanese to trundle a Trojan horse into the EEC markets.

And it is true that one of the attractions of the deal for Honda is that it allows further penetration of markets in which growth is restricted by protectionism of one sort or another—even if that penetration is by way of engines and transmissions rather than built-up cars. (Honda's share of the EEC market still is not large enough to warrant a manufacturing or assembly plant of the type Nissan is considering putting into the UK.)

The initial furore over the Honda deal has now died down and the French and Italians seem to have accepted that there is nothing they can do under existing EEC regulations to prevent the Acclaim being freely distributed in the Common Market.

As things stand, any car assembled on a reasonable scale in an EEC country is counted as a "Common Market car"—there is no local content requirement—and cars made in EFTA countries can have free circulation in the EEC if they have a 60 per cent Common Market content by ex-works value. The Acclaim qualifies as a "European" car under both terms of reference.

For some time before the Honda contract was signed BL had been scouting the world looking for a car to replace the Triumph Dolomite range due to be phased out in the Autumn of 1981. The group also needed a new vehicle for its Cowley plant to fill a two year new model gap and to give the factory a better chance of viability. Sir Michael wants to keep two volume car plants open—at Longbridge and Cowley. Between them they are capable of producing up to 900,000 cars a year and the closing of one would turn BL into a different, small-scale car producer.

But even with the Acclaim Cowley will still be producing at only about one-third of its capacity.

BL had neither the cash nor the engineering resources to develop a Dolomite replacement on its own. Honda not only had a car of the right type, engineered and ready to go into production, but was also prepared to offer a reasonable deal. And given BL's parlous state in 1979 it was short of the muscle to negotiate any more reasonably with any other maker.

Neither BL nor Honda have given any formal details of their contract, but it has been possible to glean some elements from various sources:

- The contract gives BL the right to sell the Acclaim in the Common Market—except in those countries which joined after January 1980—for its first five years of production.

In the EEC, where BL is desperately attempting to revive its fortunes and rebuild its dealership network, Honda will not sell its Ballade, the model from which the Acclaim has been derived and which was launched a full year ago, for those five years.

- But the Acclaim is excluded from EFTA countries for the same period so it will not meet the Ballade in head-on competition anywhere. After five years Honda, which normally works on a five-year product cycle, will almost certainly have replaced the Ballade.
- Honda apparently received no down payment, but will get a royalty of around £70 a car for each Acclaim no matter how many are produced. At the current rate of output, just over 50,000 a year (industrial disputes permitting) this would give Honda £3.54m a year—petty cash in the motor industry.
- However Honda will provide engines, gearboxes and ancillary items, suspension parts and the plastic fascia for the Acclaim worth around £500 a car or a total of £25.3m a year at the present level of production and £40m if it ever reaches the 80,000 a year capacity.

In one sense, the wheel has come full circle. Before the war Austin, one of the companies later subsumed into BL, helped Nissan—now Japan's second largest producer—set up in business and gave it a licence to produce its Austin 7. Now Honda has done the reverse even though the Acclaim is officially described as a "joint project."

There have been some BL contributions on the engineering side. BL claims, for example, that its engineers helped Honda produce a successful two-carburettor version of its 1335cc engine.

Nevertheless there was never any question of BL making major engineering modifications. The main effort went to improve the use of the available interior space.

Mr Ray Horrocks, chairman of BL Cars, says: "If we had started from the beginning, say four or five years ago, we could have done a better job than Honda on the interior space in relation to the total vehicle. But we could not have done such a good job on the engine or transmission for efficiency, refinement and smoothness."

In any case, as Mr Andy Barr, managing director, Medium Cars, points out, BL's relationship with the Japanese has been just like any other supplier. Honda's expertise was used when the press lines were installed and in the body-in-white area where steel panels are welded into a car body shell.

Honda has its own engineering subsidiary and so it, too, was used to the supplier-customer relationship. Honda Engineering put about £11m-worth of robot welder machines of its own design into Cowley. Even so, there were never more than 24 Japanese at the Cowley plant at any one time.

BL says it spent £70m to get Acclaim into production and that 80 per cent of the production equipment was sourced in the UK (though not necessarily by UK-owned companies). The speed with which the project had to be completed precluded a total "buy British" policy.

In fact very little of the investment at Cowley—perhaps £10m—will be devoted solely to the Acclaim. The Princess, Ital already in production there and the Rover saloons, to be moved into Cowley shortly, will all benefit from the investment programme, as will the LC 10 range of medium-sized cars

BL spent around £30m on Cowley's new paint shop, £20m on the press lines and even the Honda welding robots can be programmed to handle a variety of models besides the Acclaim.

BL has insisted from the start that the Acclaim is not a Japanese car, but has refused to give details of the UK content. All the company will say is that 70 per cent of the ex-factory price (not cost) is British. This is more than many Ford, Talbot or Vauxhall cars assembled in Britain—but they incorporate European, not Japanese, components.

By using "price" instead of "cost" BL can include its manufacturing profit in the total. The 70 per cent British figure also includes BL's labour cost, steel from the British Steel Corporation, glass, wheels and tyres—and that leaves very little for the other UK component suppliers, which is why some of them have complained about Acclaim's apparent lack of contribution to Britain's component business.

BL says it hopes to push the 70 per cent up to 80 per cent and that once again it was the speed of the project which prevented this from the outset. Certainly there seems no reason why BL should not switch from Japanese to British electrical parts suppliers before long.

But it hardly seems likely that the UK content could be pushed higher than 80 per cent. In view of the five-year span of the contract and the relatively low volumes of output expected, it seems highly unlikely that BL would be able to switch manufacture of the Acclaim's engine or gearbox to Britain.

The safeguard strategy of the Acclaim

THE ACCLAIM is the odd car out. It does not fit BL's strategic pattern for future models at all.

In broad terms this strategy involves perhaps three model "families" based on Metro, the LC10 range of medium-sized cars due for introduction early in 1983, and a revamped Jaguar.

Thus, by the mid-1980s the Allegro, Princess, Rover SD saloons, Ital and probably the Mini will have followed the MG, Triumph Spitfire, TR7, Dolomite and Maxi into oblivion.

The new cars will incorporate as many components as possible which can be used not only across one "family," but two or even three so that BL can get the right economies of scale.

The Acclaim, says Mr Ray Horrocks, chairman of BL Cars, is a "safeguard car," something for the dealers to sell and use to build showroom traffic, something new in the important medium segment of the market where BL is currently represented by the Ital, the facelifted Marina.

There is still a long while before even the first of the LC10 models makes an appearance and Mr Horrocks believes that BL would have found it hard to keep its dealer network together if the Metro had been only averagely successful and there had been a two-year gap before the next really new car had been launched.

Fortunately for BL the Metro has been hugely successful in its home market, selling more than 100,000 since it was introduced a year ago and taking a regular 5 to 6 per cent of total new car sales.

BL expects the Acclaim to account for 3 per cent of the UK market and to give the group an actual sales gain of 1.5 to 2 per cent because there will be some substitution for other BL models.

The UK market should, therefore, absorb the planned daily output of 1,100 Acclaims, which was reached before the current industrial dispute interrupted output.

The car will be launched in mainland Europe in mid-January

Lombard

The economics of U.S. weaponry

By Nicholas Colchester

IT IS a measure of the Reagan Administration's enthusiasm for things military that after the "cuts" of $13bn recently imposed upon the Pentagon, U.S. defence spending will rise from $160bn in the year to this October to $182bn next year and to $243bn in the year ending in October 1984.

The U.S. is justified in its insistence that Nato should keep its guard well up against the relentlessly increasing striking power of the Soviet military machine. The latest report on the Military Balance by the International Institute of Strategic Studies reinforces its demand for a sustained Western defence effort.

But the force of the Americans' argument is undermined by one of those recurrent bouts of awareness of the profligacy of American defence spending—a profligacy which is, ironically, weakening the ability of European economies to spend their own money on defence.

An illuminating book by James Fallows, called National Defence, and a CBS television series now being shown on British television, both suggest that the U.S. military-industrial complex risks becoming muscle-bound with its own technological prowess. Its weapon systems gorge money. The cult of their procurement pushes questions of coherent military strategy and of the training of soldiers into the background.

- The F-18 Hornet, conceived 10 years ago as a low-cost fighter for the U.S. Navy, might have cost $5m apiece today if it had been kept simple. Burdened by the Pentagon with electronic aids and weaponry it now costs $30m.
- The expense incurred when a fighter pilot fires at an enemy aircraft has risen from $350 for the traditional, but still effective, burst of cannon fire to some $750,000 for one Phoenix air-to-air missile.
- The latest American tank, the XM-1, costs $2.7m, ten times more in real terms than a tank cost at the end of the second world war. Despite this cost increase the Pentagon was unable to agree with its main ally, West Germany, on a joint model which would have shared costs.

The logical result of such cost escalation is that the number of weapons the U.S. defence budget can afford dwindles and the numerical comparisons with the Soviet Union look increasingly worrying. In the 1950s the Pentagon was able to buy 3,000 fighters a year. Today it can only buy 250. Indeed by extrapolating the current rate of price escalation one can demonstrate that by the year 2054 the entire U.S. defence budget will buy a single aircraft. What will the Military Balance look like then?

Whether fresh revelations of this sort will have any more impact on the White House than they have in the past remains open to doubt. Vietnam clearly showed the worthlessness of technological superiority. The abortive attempt to rescue the hostages in Iran failed partly because of communications overkill—every move was being cleared with the arm-chair generals back home.

Yet it remains in the common interest of the Pentagon, the defence contractors, and the congressmen in whose states these contractors have their plants, to ignore these lessons and spend money up to the limit of technical imagination.

Such spending now threatens Europe's security. This is not because of the weaponry itself: with or without new systems the Soviet and American arsenals are already more than adequate to reward a single act of madness with mutual annihilation. It is because of the economic impact of the U.S. defence budget. The combination of these U.S. defence outlays with tight monetary control by the Fed has forced the global level of interest rates up to a level which is eroding the industrial strength and political stability of Europe.

In his attempt to preserve defence spending and tight money President Reagan is now heading for an impasse in his own congress. The most constructive decision he could take would be to go for cost-effectiveness, rather than crude cost, in defence spending. He might listen to General Patton who wrote in 1931: "It is the fierce determination of the driver, not the mechanical perfection of the tank, that conquers the trench. Yet volumes are devoted to armament: pages to inspiration."

Letters to the Editor

Radio's vanishing artistic treasure

From Mr William Ash

Sir,—Protests have come in from all over the world, including a number of radio stations in the United States, at the threatened closing down of the BBC Transcription Service. The programmes that will be most regretted are radio drama. Countless students in every country where English is spoken have had their knowledge of English literature, of great works for the theatre and of contemporary life in Britain today fed and enriched by the classical and contemporary popular drama made available to them on BBC transcriptions.

This cultural treasure of radio drama, which is being denied to our friends abroad, will no longer be available in anything like the same quantity and quality to us here in Britain unless the BBC gets the funds it needs to carry on public service broadcasting of the highest quality. Both the Board of Management and the Governors believe that a £50 licence fee is the minimum on which the BBC can satisfy its responsibilities to the public. There is no doubt that failure to provide adequate finance will result in substantial cuts in radio drama as happened in a time of budget stringency a little over a year ago when something like 18 per cent of the Radio Drama Department's output was slashed.

Had it not been for public service broadcasting in Britain radio drama would probably have disappeared altogether with the advent of TV as in the United States. To lose it now or have it severely cut back would have more serious consequences for the cultural life of the country than simply depriving audiences of some million and a half listeners of their favourite programmes and many writers and actors of work.

Because radio drama is relatively cheap compared with television and the theatre it has been possible, even in these difficult times, to have a lot more of it and to find a place in the hundreds of original radio plays broadcast each year for new writers and experimental works. Harold Pinter and Tom Stoppard are but two of the 70 or more new writers each year who have their first plays produced on radio and then, often, move into other dramatic fields. The BBC Radio Drama Department has become the main patron of dramatic writing in Britain today and through seminars, courses in radio writing and close relations with writers both in London and the regions provides the only academy for play writing that exists on anything like a national scale.

It has only been possible in this letter to point out the cultural loss in one field if the BBC is not given the funds it needs. When one thinks of the excellence in other programme fields, in both radio and television, which public service standards of broadcasting guarantee, the case for giving the BBC the £50 licence fee it requires is overwhelming.

William Ash.
Chairman of the Radio Committee,
The Writers' Guild of Great Britain,
430, Edgware Road, W2.

Inflation will not be squeezed out

From the Managing Director, International Factors

Sir,—"High interest rates will squeeze out inflation" is conventional economic theory. I suggest it is fundamentally wrong. In the private sector high interest rates merely switch balances from net borrowers to net lenders. In general industry is a net borrower while banks are net lenders. High interest rates therefore make banks more profitable and industry less profitable.

If the marginal industry goes bankrupt as a result, the creditors lose too. Thus the extra profit made by the banks at the expense of industry is seriously reduced by higher bad debts. This is waste—economic, industrial, financial and human waste.

However it is the marginal industry — not all industry — that fails. The more sophisticated industrialists realise that finance is just one other cost of production like wages and raw materials. If costs rise, prices must rise too to stay in business. This happens. Therefore, high interest rates create at one end of the spectrum bad debts and at the other end cost-push inflation.

Is this significant today? I say yes. In the last year or so wages have risen by about 10 per cent fuelling further inflation at less than the inflation rate. In the last month the price of money has increased by 33 per cent! A base rate rise from 12 per cent to 16 per cent is a rise of 33 per cent. So much for the inflationary effect on the private sector. What about the public sector?

Government funding does not appear to be controlled or affected by the price of money. They borrow what they need irrespective of cost. However, high interest rates increase their total borrowing requirement thus increasing the demand for money generally and producing cost-push inflation again on the private sector. High interest rates increase the cost of operating local government and contribute to increasing rates.

Lastly they increase yields on the gilt-edged market and this means that foreign investors receive more in dividends and have therefore greater purchasing power, adding to the problem of still more money chasing the same quantity of goods — classic inflation.

These points never seem to be made in the erudite articles so frequently printed nor do they seem to be made by politicians. I would suggest that the cumulative effect of all these inflationary pressures, created by a high interest rate structure, in reality outweigh the theory that if you make money dear enough you will reduce borrowing volume and thus get inflation under control. I agree that if life worked that way the theory would be correct but life does not work that way because the public sector's demand is not reduced by increasing the cost and much of the private sector is unable to reduce its borrowings in the short run in practice. Paradoxically, banks are now lending yet more money to both industry and Government just to enable these borrowers to service the loans they already have!

What is the answer then? First we must reduce demand by cutting out waste and thereby reducing the PBR. Reagan and Thatcher have got this one right. We should try to find quantative controls in the short term to help so that the wild price-mechanism method does not ruin industry. We should lower interest rates but this does have to start in America rather than here simply because they are higher there. Just as Thatcher was wrong with the 17 per cent base 18 months ago, so Reagan is wrong with the 19 per cent base today. To beat inflation we must keep down the cost of money as well as all the other costs of production, to boost the virtuous spiral already begun on the wage front.

T. G. Hutson.
Sovereign House,
Queen's Road, Brighton.

Ratepayers' democracy

From Mr D. A. Poppleton

Sir,—I commend you on your leading article of yesterday where you refer to a classic case of taxation without representation and the apparently unfair situation that applies to commerce and industry. Surely, besides rates, industry pays national taxes. What representation does it have in the determination of needs and resources at national level? I would suggest there is even less than at local level.

On a wider issue is it not paradoxical that the Government's proposed legislation is likely to remove to Central Government control the last remaining area of public spending where there is some control by the recipients and their representatives?

If Central Government's record of control over its budgets were as exemplary as that of Local Government it might be more willing to send out each year leaflets explaining in simple terms its budget requirements and its year end accounts (within six months) as Central Government insists Local Authorities should.

D. A. Poppleton, Treasurer.
Borough of Crewe and Nantwich,
Municipal Buildings,
Earle Street, Crewe.

Fluctuating exchanges

From the Chief Executive, Redman Heenan International

Sir,—Reports suggest that the Chancellor of the Exchequer feels "cool" towards suggestions that the time might now be appropriate for Britain to join the seven members of the European monetary system.

Is it too naive to suppose that a measure of exchange rate stability among the member countries of the EEC, coupled to the economic flywheel which the EEC represents, could have a beneficial effect in providing a stabilising force in the fluctuating foreign exchange markets of western countries at the present time?

I cannot recall ever having seen an explanation from the present Chancellor of the Exchequer, or his predecessor, of the conclusion that he has reached. Is it too much to ask the Chancellor what the potential advantages might be if Britain joined the EMS now; what the potential disadvantages might be of such a move; and why he, like his predecessor, remains cool towards the proposal that we should join?

V. John Osola.
P.O. Box 29,
Shrub Hill Road, Worcester.

UK COMPANY NEWS

Sears profits improve in first half

FOR THE six months ended July 31, 1981 pre-tax profits of **Sears Holdings** moved ahead from £34.85m to £35.98m, but Mr Leonard Sainer, chairman, emphasises that because of the seasonal nature of the group's principal businesses, the first half cannot be taken as a guide for the full year.

"Trading conditions continue to be difficult and we await signs of a positive improvement in the UK economy from which we will be able to benefit."

Figures included non-trading profits, well down from £3.59m to £1.69m.

Turnover of this footwear retailer and manufacturer expanded to £713m (£657m), a rise of 8.5 per cent, excluding inter-group sales, and from unchanged earnings per 25p share of 2.1p, the interim dividend is maintained at 0.7p net—last year's final was 1.6p from a taxable surplus of £99.71m, which included non-trading profits of £9.4m (£2.65m).

Trading profits for the half year amounted to £37.07m (£34.98m) and were divisionally split as to: footwear retailers £22.29m (£22.88m); department stores, jewellery and other retailing £3.34m (£1.74m); engineering £2.02m loss (£2.82m loss); motor vehicle sales service and delivery £2.83m (£4.02m); licensed betting offices £5.64m (£6.36m); property development and investment £4.07m (£1.84m); linen hire, industrial laundries and knitwear distribution £932,000 (£958,000).

Footwear profits included, for the first time, a five-month £3.2m contribution from Butler Shoe Corporation, the U.S.-based footwear retailer acquired in February, Mr Sainer points out.

Profits of the stores side showed a material improvement mainly due to Wallis Fashion recording a small profit, compared with losses of £2.2m at the time of its acquisition in the first half of last year.

Above the line, interest charges took £3.4m (£3.74m) and associate's share was £628,000 (nil) — the group acquired 20 per cent of Asprey and Co. in June.

After tax, £16.5m (£15m) minorities of £362,000 (£470,000) and preference payments of £79,000 (same), the attributable balance was £19.04m, against £19.29m.

See Lex

HIGHLIGHTS

Lex looks at the markets where renewed concern over the Middle East once again switched focus on oil company shares and oil backed currencies on a day when equities in London were falling. Meantime the money supply figures were published which proved both difficult to interpret and disappointing. The half year figures from **Paribas** looked fairly encouraging yesterday and the company is using them as an excuse to complain about nationalisation terms, arguing that Paribas has a very high net worth. Two retailers featured in the UK company news list. **Sears** is up at the half way stage, mainly thanks to a U.S. acquisition, while **Bejam** has also shown a pre-tax advance despite losses against its fast food venture.

York Trailer holding not being sold

York Transport Equipment, the Canadian-based parent of **York Trailer Holdings**, the loss-making trailer manufacturing company, is no longer planning to sell the 60 per cent stake it holds in the UK company.

In July and August of this year York Transport, which is owned 75 per cent by Northants Investments of Ontario, Canada—which in turn is owned by Mr Fred Davies, York Trailer's Canadian chairman, and his two sons—was in discussions with a number of possible purchasers for the York Trailer stake.

In April this year it announced its intention to sell its shareholding in the UK company and after receiving a dozen inquiries, the British company's shares were suspended on July 3 when detailed negotiations were held with one unnamed party.

Those talks were later terminated, but other discussions continued with two other companies.

YEARLINGS SAME

The interest rate for this week's issue of local authority bonds is 16¼ per cent, unchanged from last week. The bonds are issued at par and are redeemable on October 13, 1982.

A full list of issues will be published in tomorrow's edition.

Chas. Clifford deeper in red

FOR THE first half of 1981 sales of **Charles Clifford Industries** dropped from £5.31m to £3.75m and this non-ferrous metal manufacturer fell deeper into the red to £225,000 pre-tax, against £159,000 last time.

The directors state that although the company is benefiting from some improvement in trading, this will be offset by increased interest and other costs. They say the company will do well to break even in the second half.

For the whole of 1980 the group incurred a taxable loss of £305,000.

As indicated in the annual report, there was a £100,000 loss for the first quarter of the year, and although there was an improvement in trading in the second three months, a more conservative valuation of work-in-progress by £50,000 meant that the overall loss was similar to that of the initial quarter.

The company has also provided £40,000 as compensation to a former director and has incurred extraordinary costs of £70,000 for redundancies and plant relocation.

The directors say that Metallisation returned to profitability in the six months, as did Metallisation Service, which had a difficult beginning to the year.

The board is giving active consideration to proposals for reducing the company's level of borrowing.

Above the line there were exceptional debits of £60,000 (£35,000) and associate's share of profits, down from £42,000 to £30,000.

Tax charge was £23,000, compared with £30,000, and after extraordinary debits of £70,000 (£354,000) and preference payments, £31,000 (same), the loss came out at £349,000 against £574,000

Loss per £1 share is given as 20p (15.5p) on a nil basis, and 20.9p (16.5p) net. The last dividend paid was a 4.5p net final for 1979.

● comment

It is doubtful whether the 4p rise in Charles Clifford shares to 40p yesterday owed very much to the trading outlook. The group has cut out a lot of unprofitable turnover, undertaken a major modernisation programme and liquidated a substantial metal stock holding, but it will nevertheless count itself lucky to eliminate losses in the second half, for all the turnround to Metallisation and Metallisation Services. The new management broom has swept £50,000 off work-in-progress and now seems to be planning major action to cut debt, now standing at 100 per cent or thereabouts of shareholders' funds. The possibility of significant restructuring following recent boardroom changes, coupled with net worth of over 100p per share in the last balance sheet, will do most to keep the share price active. The market capitalisation is just £533,000.

Lawrie Plantation at £2m

FOR 1980, taxable profits of **Lawrie Plantation Holdings** were little changed at £2.01m, against £1.99m. With the tax for this tea plantation company lower at £788,000, compared with £987,000, the net balance was up from £1.01m to £1.22m, bettering the May expectations of a similar result.

Stated earnings per £1 share jumped from 26.14p to 38.01p and the net dividend is stepped up from 18.5p to 20p.

Attributable profit emerged at £967,000, against £1.51m, after an exchange loss £253,000 (£342,000). There was an extraordinary credit last time of £843,000.

Vibroplant moves into leisure

Vibroplant Holdings, the plant hire group, is diversifying into the leisure industry. As a first step it has reached a joint manufacturing and marketing agreement with **Hawley Leisure** for the manufacture, mainly by Hawley, of video juke boxes.

The moves follows certain manufacturing agreements with VMI, a Los Angeles-based company, which has developed the equipment. The initial investment in the new venture is over £500,000, which represents the purchase of the equipment from VMI.

Discussions are taking place with Bass Leisure on outlets for the juke boxes. Two of the video units are to be placed on specimen sites chosen by Bass to test reaction.

In connection with this change of direction by the company Mr Roy Clinning is standing down as chairman. His place is taken by Mr Jeremy Pilkington, 30, son of the founder of Vibroplant. At the same time the company is changing its name to Vibroplant PLC and a new subsidiary, Vibroplant Investments, has been formed.

The company says Mr Clinning relinquished the chair because of his personal commitment to the new investment company to which he intends to devote most of his attention. Mr Clinning becomes deputy chairman. The new subsidiary will act as a holding company for any new acquisitions or ventures the board may wish to undertake in the future.

Mr Pilkington said yesterday that video juke boxes "looks a profitable venture."

Elson & Robbins to increase borrowings

Elson and Robbins, the springs and spring assemblies manufacturer, has called an extraordinary general meeting for October 29 to gain shareholders approval for an increase in its borrowing powers. "As a result of the recession and losses suffered in the current financial year, borrowings are approaching their present limit," said the group yesterday.

The board is taking action to reduce borrowings, and expects these to be substantially below the present level by the end of March next year. But it is likely that there will be some further increase over the next few months before a reduction is achieved because of the seasonal nature of a substantial part of the group's business.

In addition, the board is examining several new investment propositions, including a small acquisition for cash. If any of these materialise it is possible that a further increase in borrowing requirements may result.

Effectively, the proposals would increase the borrowing limit from about £4.7m to £7.5m. The proposals need the preference shareholders approval and it is proposed that in return the net dividend on the preference shares is increased by 0.5 per cent to 4.7 per cent.

EDINBURGH SECS.

Edinburgh Securities, an oil exploration company whose shares are traded under Stock Exchange Rule 163 (2), has applied for permission to have its shares quoted on the Unlisted Securities Market.

Dealings are expected to begin on October 12. Meanwhile, dealings under rule 163 ended yesterday pending the outcome of the application.

GUINNESS MAHON

Guinness Mahon International Fund, a company incorporated in Guernsey, is applying for a quotation on the London Stock Exchange.

L. B. HOLLIDAY

L. B. Holliday (Holdings) has appointed a receiver for their subsidiary L. B. Holliday and Company.

SPAIN

Oct 6	Price %	+ or −
Banco Bilbao	368	−3
Banco Central	351	−9
Banco Exterior	308	−6
Banco Hispano	315	−9
Banco Ind Cat	118	
Banco Santander	394	
Banco Urquijo	241	
Banco Vizcaya	384	−3
Banco Zaragoza	250	−5
Dragados	168	−7
Espanola Zinc	74	−1
Fecsa	68	−0.7
Gal. Preciados	53.5	
Hidrola	75.7	−0.8
Iberduero	58.2	
Petroleos	108.5	−10.5
Petroliber	83	+1
Sogefisa	51	
Telefonica	79	−2
Union Elect.	73	−1.5

THE TRING HALL USM INDEX
108.1 (−0.1)
at close of business 6/10/81
BASE DATE 10/11/80 100
Tel.: 01-248 5675

CORAL INDEX
Close 471-476 (−13)

OIL INDEX
December Refined $43.00
January Refined $43.50

Bejam advances by £1m and pays more: scrip

TAXABLE PROFITS of food, freezer and microwave cooker retailer, **Bejam Group**, rose by over £1m to £9.32m for the 53 weeks ended July 5 1981, against the previous year's £8.27m. The figure this time was before an allocation of £294,000 to the proposed employee profit sharing scheme. At 26 weeks, the pre-tax surplus was ahead from £4.1m to £4.52m.

Mr John Apthorp, the chairman, says the first few weeks of the current year have seen a continuation of satisfactory trading in both food and freezers. He hopes to again announce record profits 12 months hence.

Although stated pre-tax earnings per 10p share rose from 11.43p to 12.86p, the after-tax figure was down from 10.5p to 7.1p. The final dividend, however, is stepped up to 1.5p (1.25p) net for a total payment of 2.75p, against 2.25p previously. A one-for-three scrip issue is also proposed and the board intends to maintain the current dividend rate on the increased capital.

Full year sales increased from £164.07m to £199.74m. These were split as to food £175.03m (£142.69m) freezers and microwave cookers £11.91m (£8.37m); restaurants (now discontinued) £3.32m (£5.86m) and others £9.48m (£7.15m).

Volume growth was achieved in both retail food and freezer sales. There was a 13 per cent increase in food turnover from existing selling space of which only some 5 per cent came from inflation in Bejam's selling prices. Now selling space also contributed well. For the first time average food sales per branch exceeded £1m (excluding VAT) in the 53 weeks.

The company had its best ever year in freezers and sold some 90,000 units compared with 73,000 previously.

Nineteen new branches were opened, nine of which replaced smaller freezer food centres nearby. So far in the current year six new stores have been opened, including Bejam's first three in Scotland which have been well received.

Pre-tax profits were after charging losses from the restaurant business of £840,000 (before administration costs and interest) compared with £218,000 in 1979-80. The capital loss arising on the disposal of these assets has been treated as an extraordinary item.

After charging the extraordinary debits of £1.35m (£0.46m credits) and much higher tax of £3.88m (£0.67m) net available profits were well down from £8.06m to £3.29m. Dividends absorb £1.99m (£1.63m).

The tax figure arose from a reduction in available stock relief and the need to provide for £1.89m deferred tax, none of which will be payable before 1983 at the earliest.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Amstrad	2.39	Nov 27	—	3.95	2
Bejam Group	1.5	Nov 13	1.25	2.75	2.25
Cape Industries ......int.	3.9	Jan 5	3.9	—	11.2
R. Cartwright ......int.	1.25	Nov 26	1	—	3
James Halstead	1.85	Dec 4	1.6	2.65	2.4
Jove Invst. ......int.	2	Nov 27	2	—	4.3
Lawrie Plantation	20	Nov 12	18.5	20	18.5
Raine Engineering	Nil	—	0.14	0.03	0.43
Sears Holdings ......int.	0.7	Dec 7	0.7	—	2.3
Silentnight Hldgs. int.	2*	Jan 2	1	—	3.5
Stag Furniture ......int.	1.75	Nov 19	1.75	—	5
Francis Sumner ......int.	Nil	—	0.35	—	0.35

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity.

Better trend at Raine but final is omitted

ALTHOUGH **Raine Engineering Industries** returned to profit in the second six months the group remained in the red for the year as a whole to June 30 1981, incurring a pre-tax deficit of £25,000, compared with a profit of £162,000.

Stated earnings per share came through higher at 3.98p (0.847p), but the final dividend is being omitted making the net total 0.03p (0.429p).

The directors say that although profits increased in the house building division for the sixth successive year, these were eroded and overtaken by losses in the engineering sector.

In their interim report (losses of £256,000 before tax were returned at mid-year, against profits of £121,000) they pointed out that traditionally, first half figures did not match those of the second six months, explaining that building companies tended to come in strongly in the last few months of the year.

The increased profits in the house building division were earned through an aggressive marketing and selling policy. The acquisition of a further subsidiary in the division also made a significant contribution.

The activities of Raine Engineering products have been severely reduced, as planned. The continuing recession makes a forecast for the current year "impossible."

Turnover of the group, which also has interests in insurance broking, fell back over the year from £14.6m to £11.89m.

There was a tax credit of £747,000 (£8,000 charge) leaving an attributable profit of £685,000 (£419,000 loss) after extraordinary debits of £37,000 (£573,000).

On a CCA basis the taxable loss increases to £443,000.

In view of the substantially reduced engineering activities it is proposed to change the group's name to Raine Industries.

MINING NEWS

Papua find put at 100m tonnes

BY KENNETH MARSTON, MINING EDITOR

THE Pergera gold prospect at Mount Hagen in Papua New Guinea is now estimated to hold some 100m tonnes of ore with an average gold content of 2.3 grammes gold per tonne.

This modest, but very acceptable grade for a potential open-cut operation, is based on a cut-off of 0.5 grammes per tonne.

Each holding a one-third interest in the operating company are: Placer Exploration of Canada, Australia's MIM Holdings and the Gold Fields group's Renison Goldfields Consolidated.

In the event of a decision to take the big project to production the Government of Papua New Guinea has the option to subscribe for up to 10 per cent in the venture.

According to the partners about half the gold ore is of a refractory nature, making the gold content difficult to recover and thus the commercial significance of the deposit has yet to be determined. However, the major mining groups are not likely to give up easily with a find of this size.

SOUTH AFRICAN GOLD OUTPUT

South African gold production showed a marginal decline to 1,786,105 ounces during July compared with 1,799,048 ounces in June and 1,744,473 ounces in May.

During first seven months of this year output has totalled 12,321,361 ounces against the 12,763,761 ounces produced in the same period of 1980.

Idris shares suspended

Shares of Malaysia's troubled tin producer Idris Hydraulic Tin, were temporarily suspended at the outset of trading yesterday "pending clarification of the company's position." At the close of trading on Monday Idris were changing hands at 155p.

Last week the company suspended its mining operations and put all installations on a care and maintenance basis, following a major landslide, the second in just over a year.

The company also stated last week that rehabilitation of the mine had proved slower, more costly and less rewarding than expected and that in view of limited ore reserves prospects do not justify further depletion of the company's cash reserves.

Meanwhile during September Idris produced 7¼ tonnes of tin concentrates, bringing the total output for the past nine months to 76¾ tonnes, well down on the 150¼ tonnes produced in the same period last year.

Of other tin mines in this group, in the year to end-September Gopeng Consolidated produced 1,697 tonnes of concentrates compared with the 1,921½ tonnes output in the year to end-September 1980.

Outputs from the other producers in the group are compared in the following table.

	Sept tonnes	Aug. tonnes	July tonnes
Gopeng	148¾	157¾	165¾
Idris	7¼	14¾	12
Mambang	38¾	28¾	38½
Tanjong	18	10¾	18
Pengkalen	5½	3½	6

BHP GAS FIND

Australia's Broken Hill Proprietary has made a 4.7m cubic feet a day gas discovery in the Namarah No. 1 well drilled in Queensland's Surat Basin.

The gas flow followed a drill stem test of the interval between 2,339 to 2,377 metres.

Previous tests of higher intervals between 2,194 and 2,234 metres flowed gas at rates between 36,000 cubic feet a day and 400,000 cubic feet a day.

Further testing will be needed to establish the significance of the find. BHP holds 75 per cent of the well with the remaining 25 per cent held by a subsidiary of Moonie Oil.

NEAR RECORD OIL FLOW IN COOPER BASIN

The Strzelecki No. 5 appraisal well drilled in South Australia's prolific Cooper Basin has recorded Australia's second largest onshore oil flow, according to Santos which holds a 35 per cent interest in the Strzelecki field.

The well flowed oil at a rate of 2,860 barrels a day, 390 barrels below the record set by the Strzelecki No. 4 well drilled in the Spring of this year. The 43 degree API oil at Strzelecki 5 flowed following testing of the interval between 5,521 to 5,552 ft.

Strzelecki 5, which is currently drilling ahead at 5,775 ft, has a target depth of 6,300 ft. Other interests in the well are held by Delhi Petroleum, 21 per cent, Vamgas, 7 per cent, South Australian Oil and Gas, 7 per cent and Crusader Resources 30 per cent.

Gold and mining share prices up

NEWS OF the assassination of Egypt's President Sadat made its inevitable impact on mining share and metal markets. These tend to be sought as a refuge for paper currencies at times of international troubles and uncertainty.

The fear of a fresh wave of instability in the Middle East was most marked in gold where the price closed $7.5 up on the day at $450 per troy ounce after having been down to around $434 in the morning.

But this was hardly a result of anything approaching panic buying—bullion prices are quite capable of showing far sharper movements. Similarly, base metal prices moved only modestly higher with copper wirebars closing slightly up on balance at £909½ per tonne after having been under £900.

Rather more impact was seen in the market for South African gold shares. Ever responsive to international events, they were soon the subject of heavy buying orders from all financial centres with American interest being particularly evident in late inter-office trading.

Consequently, the higher priced gold shares showed rises of up to £2 and the Gold Mines index, which was barely changed at around mid-day, subsequently put on 14.5 to 401.5. Mining finance issues followed the trend.

Silentnight hits £2.5m

DESPITE A background of trading difficulties, pre-tax profits of Silentnight Holdings rose from £711,000 to £2.47m, for the six months to August 1 1981.

"The present trading environment is highly competitive, but we are on course for a record year," says Mr T. Clarke, chairman.

The interim dividend has been lifted from 1p to 2p to reduce disparity. Total in the last full year was 3.5p paid from pre-tax profits of £3.04m.

Stated earnings per share, before tax of £618,000 (£192,000), were 10.99p (3.16p) and 8.24p (2.31p) after the charge.

In addition to continued investment in plant and machinery, says Mr Clarke, "several million pounds will be invested over the next few years in a major building programme to further improve our manufacturing capacity and efficiency."

Turnover of the company, which is involved in the manufacture of beds, upholstery and furniture, expanded from £30.83m to £36.03m.

● comment

Silentnight's reorganisation has paid off and the company is set to make its largest profit in a year most furniture manufacturers will probably wish to forget. The company has increased its market share in bedding, which accounts for about 75 per cent of sales, and upholstery. Labour and raw material costs have been held steady and productivity has been increased by the use of new capital equipment. The company has paid off all its UK bank loans from cash flow. Capital expenditure for the year will be between £4m and £5m which will be financed largely from cash flow and a building renovation programme costing a further several million will take place over the next few years. The second half is traditionally better than the first but the 2 per cent interest rate increase has injected a note of caution. The company need only earn in the closing months £1.7m to beat its previous record profit of £4.1m in 1979 and should probably do a little better than this. Assuming a 3p final dividend, the shares at 87p, up 10p, yield 8.4 per cent.

Stag held back by Avalon

FIRST-HALF taxable profits of Stag Furniture Holdings declined from £844,000 to £706,000, on turnover down to £14.01m, against £14.9m.

The surplus, for the 26 weeks to June 26 1981, comprised trading profits of £661,000 (£844,000) and a £45,000 exceptional credit.

These items were made up of a £626,000 surplus on the disposal of property, less reorganisation expenditure of £581,000. No tax was levied compared with £196,000 last time.

The interim dividend is maintained at 1.75p net per 25p share.

Earnings per share for the six months are stated as 7.5p (7.7p).

Mr P. V. Radford, the chairman, says that although trading conditions remain difficult the group has an adequate order book and is maintaining its market share. "The financial position is strong and liquid."

● comment

Compared to Silentnight's more than trebled profits, Stag Furniture's performance looks rather poor. Its problems are well-known. Avalon remains in loss, although Stag appears confident of a speedy recovery and margins on the group's home assembly goods are under severe pressure. Elsewhere, the company shares the same malaise as the other furniture manufacturers, namely lack of consumer demand. Sales overall were down 6 per cent and the fall in volume was probably more severe as prices were raised, although trade discounts were probably more widespread and generous than last year. Prospects for the second half have worsened since the recent interest rate hike and full year earnings of around £1.2m are in sight. The balance sheet has been strengthened with cash balances higher than at year end. The shares at 82p, down 3p, yield 8.9 per cent. Stag expects to pay no tax on its interim profits and assuming a 30 per cent tax charge on second half earnings the prospective p/e is just under 8.

Cape drops to £3.3m midway

TAXABLE PROFITS of building, insulation and automotive group, Cape Industries, have declined from £4.62m to £3.34m for the first half of 1981, on turnover of £113.15m, against £106.91m. However, without the inclusion of Newalls Insulation acquired last October, the sales figure would have been lower than last time.

General business conditions remain very difficult, the board states, with sales in the markets served by Cape at or below the depressed levels experienced at the end of 1980.

While demand for some products has steadied, sales of other have continued to decline and the process of restructuring the company to take account of expected market conditions continues.

Although immediate prospects are unchanged, a very substantial cost cutting programme has significantly improved the company's efficiency and put it in a good position to take advantage of any upturn in demand, the board says.

Group trading profits fell from £5.64m to £4.85m and with turnover these were split respectively as to (in £000s): building and insulation £5,536 (£6,935) and £88,977 (£76,910); automotive £167 loss (£807 loss) and £24,172 (£29,996).

The net interim dividend is being maintained at 3.9p per share, from stated earnings of 11.7p (15.8p).

There was a tax credit of £169,000 (£691,000 charge). After minorities and extraordinary items, the attributable surplus was £2.47m, compared with £2.85m.

● comment

Cape Industries expects to claw some improvement from both its main operating areas. After a great deal of remedial action, the automotive division is now returning to profits after a first half fall in sales value of about a fifth. Trading profits in building and insulation materials dropped 23 per cent and, excluding £7m in sales from Newall, volume is down by about a tenth. Rationalisation, costing a further £1m by the interim stage and probably running at about the same level in the current half, should leave Newall in a position to start making a reasonable return on its £13m acquisition price. Cape is maintaining a high capital spending programme at about £14m this year but gearing has not shifted much above the last balance sheet level and the second half should see better cover for debt servicing. Second half break even in the automotive division alone would eliminate losses of some £2.6m over the comparable period. The dividend should be secure but the shares are not taking much on trust. Yielding 11½ per cent historically at 146p, unchanged yesterday, the price needs the stimulus of better building materials volume and margins to get back onto the October 1980 trading range.

Amstrad soars 75% to £2.38m and pays more

DESPITE A warning at the interim stage that relocation of the company's manufacturing capacity in Southend-on-Sea to a larger factory would involve some disruption to production Amstrad Consumer Electronics had a record year with pre-tax profits rising from £1.36m to £2.38m for the period to June 30, 1981. At mid-year they were ahead £440,626 at £1.31m.

The directors say the smoothness of the transition allowed the group to resume full production and introduce a range of new products earlier than expected so that it was able to meet heavy market demand for its products.

Turnover of the group, which manufactures and distributes electronic, audio and domestic consumer equipment, improved over the year by 61 per cent to £14.13m (£8.76m).

The directors say the 75 per cent advance in pre-tax profits reflects the company's policy of rigorous control of material costs, trading expenses and increased manufacturing efficiency.

They say that sales in the first few months of the current year were significantly up on those of the corresponding period a year ago.

However, they warn that a continuing weak pound against the dollar could affect margins but add that, while the recent strength of sterling against European currencies has hampered attempts to recover the group's export trade there, recent developments offer some encouragement that this can be achieved to some extent during the year.

Tax for 1980-81 took £1.14m (£303,000) leaving the attributable balance at £1.24m (£874,239 after extraordinary debits of £183,767 relating to the offer for sale of shares in April 1980).

Stated earnings per share improved by 2p to 13.3p before extraordinary item and a final dividend of 2.39p makes a net total of 3.95p per 25p share — for 1979-80 a single dividend of 2p was paid.

Current cost accounting reduces the pre-tax figure to £2.74m (£1.42m) and on the same basis earnings per share were 12.2p (12p) before extraordinary items.

The directors say that while the majority of new products to be introduced during the current year will incorporate new features and design advances, especially in the "micro-chip" sector, they will mark a logical extension of the group's product range.

The new factory is already running close to full capacity and it is intended to expand its capacity even further.

With a "degree of caution" the group plans to move into the recently-legalised Citizen's Band radio market.

● **comment**

Amstrad's shares have risen by 25p this week, recovering almost all the ground lost in the general levelling of recent weeks. At 178p the shares yield only a shade over 3 per cent indicating that the price discounts a fairly dizzy rate of growth. When Amstrad came to market in April 1980 the offer was pitched on an exacting fully-taxed multiple of about 13. Although profits have rocketed since then, the share price has more than doubled and the rating has consequently become still more demanding. Amstrad capacity to keep pace depends on responsiveness to market trends; the product range has altered radically in the last 18 months as tastes have shifted. At present, the company is looking to exploit the legalisation of CB radio, gearing up to sell 200,000 units in 1982. The current year has started encouragingly, but Amstrad's development may have entered a phase where the momentum will become more difficult to sustain. TV advertising in support of the brand-image could be indicative of a search for fresh impetus.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims of finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Barlow Holdings, Christies International, Combined English Stores, Foster Bros. Clothing, Fothergill and Harvey, Hambro Life Assurance, Harris Queensway, Higgs and Hill, Holt Lloyd International, House of Lerose, Insurance Corporation of Ireland, J. B. Holdings, Laing Properties, United Carriers.

Finals—Home Farm Products, Lawtex, Scottish Metropolitan Property.

FUTURE DATES

Interims—	
Aberthaw and Bristol Channel Portland Cement	Oct. 15
Comfort Hotels	Oct. 8
Erith	Oct. 15
Executex Clothes	Oct. 16
Honda Motor	Oct. 14
Hunting Petroleum Services	Oct. 13
Scottish Heritable Trust	Oct. 15
Selincourt	Oct. 22
Finals—	
City of Aberdeen Land	Oct. 8
Courtney, Pope	Oct. 9
Eleco	Oct. 21
Jentique	Oct. 8

Cartwright (Holdings)—better trend

The cut in the labour force and elimination of unprofitable units is now being reflected in improving results at R. Cartwright (Holdings). The first half of 1981 shows a recovery from the second half pre-tax loss of £84,908.

For the six months profit was £176,500 compared with £270,000 for the comparable period of 1980, but this time all the profit came in the second quarter. Mid-term earnings per 10p share are stated up at 2.4p (2.32p) after sharply lower tax of £42,500 (£140,400).

There is partial restoration of earlier dividend levels with a net interim of 1.25p (1p), because of "the slightly more promising outlook" say the directors. For the whole of last year the distribution was cut from 4.625p to 3p.

The decision on the final this time will only be taken when fulltime figures are known and prospects for 1982 have been considered, the company says.

Halftime sales by the Willenhall-based door and window furniture manufacturer were down at £4.13m (£4.98m) and trading surplus came out at £256,000 (£348,500) after depreciation of £132,100 (£157,400).

Interest costs were lower at 59,200, against £78,500, but there were redundancy payments and reorganisation costs of £20,300 this time.

Unit-linked pension plan

A unit-linked self-employed pension contract is being launched by Norwich Union Insurance Group, one of the largest mutual life companies in the UK.

The Norwich Pensionvestor will exist alongside its traditional self-employed pension contracts and the current range of linked life plans for the individual investor.

The plan offers complete flexibility regarding range of benefits, payment of premiums and choice of investment funds, with switching facilities between the funds. Retirement can take place in stages if required. There is also an unusual feature allowing the policyholder to transfer to a conventional self-employed policy during the five years prior to retirement. The policy has a loanback facility.

Norwich Union has also revised its premium rates for individual with-profit pension contracts over all ages and terms, resulting in more competitive terms for most ages for both discretionary schemes and self-employed pension contracts.

James Halstead picks up and raises dividend

BETTER than expected second-half figures are shown by James Halstead Holdings, and the final dividend has been raised. This is despite lower pre-tax profits, from £1.52m to £1.3m, for the year to June 30, 1981.

The total dividend is being lifted from 2.4p to 2.65p net by an increased final of 1.85p, but earnings per 10p share were slightly down at 9.52p (10.04p). Net assets have improved and now stand at 42.92p a share (36.75p).

Sales slipped from £21.87m to £21.35m—the previous figure included £2m sales from B M Coatings, which was closed a year ago.

The second half yielded pre-tax profits of £895,404 (£911,662) after first half results were down to £408,107 (£610,109).

"Despite extremely difficult trading conditions for the period under review, the group's main operating companies either increased or maintained their relevant market shares," says Mr Bryan Morrall, chief executive.

"There are as yet no positive signs of an improvement in demand, but management action taken during the year has been concentrated on creating a strong base from which the group can move forward when trading conditions recover," says Mr Morrall.

The group, manufacturers of floor coverings, leisure products and waterproof clothing.

The pre-tax figure was before an allocation to the employee profit-sharing scheme of £65,176 (£76,089), and was subject to tax of £208,098 (£365,095). After tax profits came out at £1.03m (£1.08m).

Since the year end the group has acquired Averoy Travel, which specialises in coach/camping holidays to the South of France and Spain. Averoy's profits for the year to September 30, 1981 are expected to be £200,000, with assets of £200,000 including cash. Initial consideration was £250,000, with further payments during 1982 and 1983 linked to profit performance.

● **comment**

James Halstead has been on a profits plateau for the past three years and is unlikely to get clear of it for at least another 12 months. The sharp decline in the first half of last year was quickly corrected by cutting staff and working capital but the group's markets remain sluggish. Several competitors have abandoned the contract flooring business recently and Halstead has been picking up market share. This division, which accounts for about three-quarters of group profit, increased its contribution slightly last year to £1.1m and could make further progress this year as the shake-up continues. Sales of Belstaff weatherproof clothing, mainly to motorcyclists, have been hurt by high unemployment among young people and margins on Conway trailer-tents are squeezed. The new travel agency looks promising and Belstaff is reorganising its marketing of clothing for climbers and other outdoorsmen. Group profits may return to the 1979 record of £1.6m this year, but new growth is still difficult to see. At 47p, up 4p, the shares are on a prospective fully taxed p/e of less than 7 and the yield on the well covered dividend is 8 per cent.

RESULTS AND ACCOUNTS IN BRIEF

ASSOCIATED DAIRIES GROUP — Results for year to May 2 1981 reported August 27. Group shareholders' funds £177.58m (£106.65m). Fixed assets £183.36m (£151.83m). Current assets £145.83m (£100.45m) including short term deposits £39.28m (£2.25m). Current liabilities £149.18m (£141.66m) including bank overdrafts £2.19m (£18.57m). Working capital increased £43.54m (£8.15m decrease). Meeting: Leeds, October 28, 2.30pm.

BOGOD-PELEPAH (textile and clothing machinery)—Results for year to March 31 1981 reported September 4. Group shareholders' funds £1.71m (£1.33m). Medium term borrowings £150,000 (nil). Fixed assets £919,840 (£613,428). Net current assets £1.09m (£1.02m). Decrease in working capital £107,475 (£11,347). Current cost pre-tax profit £117,017 against historical £191,507. Meeting: High Holborn House, WC, November 4, noon.

CHEPSTOW RACECOURSE — Turnover for half year to June 30, 1981 £264,403 (£281,339); pre-tax profit £13,233 (£32,707). Tax £6,000 (£14,000). Earnings per share 6.5p (16.8p).

ESPERANZA (international services) —Results for year to March 31 1981 and prospects reported August 7. Current cost pre-tax profit £2.93m against historical £3.82m. Fixed assets £6.29m (£6.12m). Net current assets £6.38m (£5.9m). Shareholders' net assets £9.2m (£9.49m). Increase in working capital £583,000 (£615,000 decrease). Highest paid director £53,150 (£33,385). Meeting: Winchester House, EC, October 30, noon.

FMC (holding company with meat processing interests—subsidiary of NFU Development Trust)—Results for year to April 30 1981 and prospects reported September 9. Shareholders funds £15.06m (£17.15m); fixed assets £20.14m (£18.74m); current assets £47.66m (£49m); current liabilities £41.44m (£40.03m); bank and other loans £7.45m (£5.59m); decrease in working capital £4.62m (£147,000 increase). Meeting: Agriculture House, SW, October 27, noon.

JOS HOLDINGS (investment trust)—Results for year to July 31 1981 reported August 26. Shareholders funds £4.69m (£3.84m); UK listed investments £3.38m (£3.1m); overseas listed investments £1.39m (£604,789); unlisted investments £147,343 (£31,426); net current liabilities £227,455 (£108,147 assets); total decrease in liquidity £329,000 (£5,000). Meeting: Fenchurch Street, EC, October 26, noon.

MANSON FINANCE TRUST—Results for 14 months to June 30 1981 already known. Group shareholders funds £6.73m (£2.72m). Current assets £32.07m (£22.65m) including loans and advances £24.49m (£21.71m). Current liabilities £23.61m (£19.1m) including customers' deposits and current accounts £16.85m (£11.65m). Working capital increase £4.08m (£0.88m decrease). Meeting: Grosvenor House Hotel, W, October 26, noon.

MAYNARDS (confectionery manufacturer and retailer, tobacco, newspaper and toy retailer)—Results for year to June 30, 1981, reported September 11. Shareholders' funds £11.03m (£9.69m); net current assets £5.72m (£5.11m); fixed assets £5.49m (£4.75m); increase in net liquid funds £48,000 (£371,000). Meeting, Vale Road, N4, October 29, 11 am.

PETERSON TENNANT GROUP—Interim dividend 3.25p (3.29p) for six months to June 30 1981. Comparative figures are for half year ended September 30 1980. Turnover I£13.59m (I£9.91m); pre-tax profit £289,000 (£478,000) after interest £125,000 (£15,000); tax £137,000 (£213,000); earnings per share 3.5p (6.1p).

RICARDO CONSULTING ENGINEERS (consulting and research engineer)—Results for year to June 31 1981 reported September 16. Ordinary shareholders funds £8.53m (£5.51m); fixed assets £4.43m (£4.05m); net current assets £4.08m (£1.37m); decrease in working capital £144,000 (£983,000 increase); increase in net liquid funds £3.16m (£1.58m decrease). Meeting: St Ermins Hotel, SW, October 27, noon.

SIRDAR (knitting, rug wool group) —Results for year ended June 30, 1981, reported September 17. Group fixed assets £9.88m (£8.83m), net current assets £5.2m (£4m), shareholders' funds £13.52m (£10.89m). Liquid funds increased by £2.94m (£1.66m). Chairman says sales for the first few months of current year are encouraging. Meeting, Alverthorpe, Wakefield, October 29, noon.

STEWART PLASTICS (manufacturer of plastic articles)—Results for year to April 30 1981 reported September 11. Shareholders funds £8.38m (£6.98m); fixed assets £4.02m (£2.66m); net current assets £4.29m (£4.27m); decrease in working capital £551,330 (increase £731,251). Turnover has increased 8 per cent in the first four months of the current year. Meeting: Croydon, October 29, 11am.

JAMES WALKER GOLDSMITH AND SILVERSMITH—Results for year to May 2, 1981, reported September 17. Chairman says that currently there is no indication of a resurgence in sales, but turnover for 1982 will be higher than last year as a result of recent acquisitions. He has great confidence in group's future potential. Revaluation of group's freehold and long leasehold properties showed a surplus of some £7.7m. Fixed assets £15.16m (£5.77m). Net shareholders' funds £25.4m (£17.8m). Current assets £19.81m (£19.58m) and liabilities £8.24m (£8.25m). Meeting, 1 Gleneagle Road, SW, October 28, noon. Ciesaoin echrdiu cmfwyp etaoin shrdl

WEBBER ELECTRO COMPONENTS (electrical component maker)—For six months to March 31, 1981: interim dividend 1.75p net (same) per 12.5p share; pre-tax profits £92,968 (£91,847); turnover £369,572 (£342,111). Directors say despite adverse trading conditions increased market share offset heavy destocking—this trend expected to continue to year end. There are "promising signs" of increasing exports.

A. J. WORTHINGTON (HOLDINGS) (textiles)—Net current assets on March 31, 1981, amounted to £754,928 (£750,656) and not £1.26m (£1.1m) as incorrectly reported.

Cement Roadstone prospects

Mr Jim Culliton, chief executive of Cement-Roadstone Holdings said yesterday that profits for the current year were likely to be somewhere between I£25m and I£28m, against last year's I£25.2m. At the half-way stage to July 15 1981, profits rose 3.6 per cent to I£14m pre-tax.

The group's tax charge was likely to amount to no more than 5 per cent overall. In Ireland the top rate for manufacturing companies is 10 per cent before capital allowances.

Mr Culliton, also announced the opening of two new U.S. plants which "will contribute strongly in 1982."

Cement-Roadstone has invested $3m in a new pre-cast concrete plant at Fontana, Los Angeles. Its products are designed to provide utility vaults (underground structures carrying telephone and power lines).

A further $3½m has been invested in the construction of a roof tile plant near Denver in Colorado.

The chief executive said that Cement-Roadstone had considered bidding for Hoveringham, the UK aggregates group, when the controlling Needler family announced in August that it was seeking buyers for the company. However, Mr Culliton said "we could not make an offer acceptable to the present owners and sustainable in our terms."

Referring to the new I£130m Limerick cement plant currently under construction, Mr Culliton said that cash flow would improve substantially after 1983 when the plant started production. In the meantime capital gearing is likely to peak at close to 70 per cent.

Film company wound up

Connaught International Films has been compulsorily wound up in the High Court.

Mr Justice Vinelott made the order on a petition brought by the Secretary of State for Trade "in the public interest."

It had been on the file since April, but had been adjourned a number of times to enable the company to dispose of its principal asset, a full length motion picture.

Mr Philip Heslop, counsel for the Secretary of State, told the judge that the film had been "hived down" to a subsidiary company, after leave had been given by the court last month. The title of the film was not disclosed.

Mr Simon Mortimore, for Connaught International Films and two contributories which had originally opposed the petition, was given leave to apply for their costs in the winding-up.

De-merger benefits Sumner

TEXTILE and clothing interests of Francis Sumner (Holdings) returned to profitability in the six months to June 30, 1981, but this was not enough to prevent a drop overall in pre-tax profits, which fell from £229,494 to £152,501. This industrial holding company, with interests in textiles, engineering, plastics and offshore engineering services, reported a loss of £132,290 in the second half last year.

The textile and clothing interests contributed £130,835 to group profits (before interest and group charges)—in the corresponding period last year there was a profit of £9,672 and a loss of £69,611 in the second half.

Mr Max Maimann, the chairman, says that although the worst may be over, poor trading conditions still prevail in certain areas of the textile and clothing industry, with the result that the level of business and gross margins remain inadequate.

For this reason, he says, in those areas where prospects remain uncertain, the group has been forced to rationalise still further, and part of the costs involved have been incurred as extraordinary items during the first half.

Extraordinary debits accounted for £143,924 (£101,712 credits), leaving an attributable loss of £27,369 (£270,185 profit). There was a tax charge of £35,000 (£60,000).

The special dividend of 0.2p proposed at the time of the demerger of its non-textile interests has now been paid, but the directors are not proposing an interim dividend in 1981—0.35p was paid last time and was the only payment for the year. The special dividend absorbed £53,589 against £93,781 for last year's interim.

Stated earnings per 10p share were down from 0.63p to 0.43p.

Returning to group activities, Mr Maimann says the plastic, engineering products and property interests, which now come under Hartons Group, contributed £125,619 (before interest and group charges) to the results. This compares with a profit of £64,288 for the previous six month, and a profit of £372,161 for the corresponding period last year.

A further improvement is expected in the engineering products division in the second half.

COMPANY ANNOUNCEMENT

ON 1ST OCTOBER 1981 Mr N. J. B. Armstrong resigned his directorship of GCIC-General Commodities Investment Company Ltd., and has severed all connections with the business. GCIC Gen. Com. Investment Co. Ltd., Plantation House, 7D Wing, 31-34 Fenchurch Street, London EC3M 3DX. 623 6791-6. Margo Visbeen.

New oil finds lift India's hopes

By K. K. Sharma in New Delhi

INDIA'S critical foreign exchange situation has forced its Government drastically to accelerate its domestic oil production programme. Against the previous target of an annual production of 21.3m tonnes of crude in 1985, when the current five-year plan ends, the target has now been raised to an ambitious 30m tonnes.

By that time, consumption will have increased to an estimated 42m tonnes a year. The present annual imports of 16m tonnes will thus, it is hoped, drop by around 4m tonnes instead of increasing by 5m. This import substitution programme can even be improved, given a bit of luck, new oil discoveries and the necessary funds to develop the fields. Hopes that this will happen are not entirely misplaced. The country's premier exploration and production organisation, the Oil and Natural Gas Commission (ONGC), has discovered two major offshore discoveries in the last four weeks.

The first is near Bombay High, the largest offshore oilfield found yet, in the Western continental shelf. Named B-57, the new field should go into production within four years although its annual yield potential has still to be established. More important is the second new oilfield in the southern continental shelf offshore Tamilnadu State in shallow waters just nine metres deep.

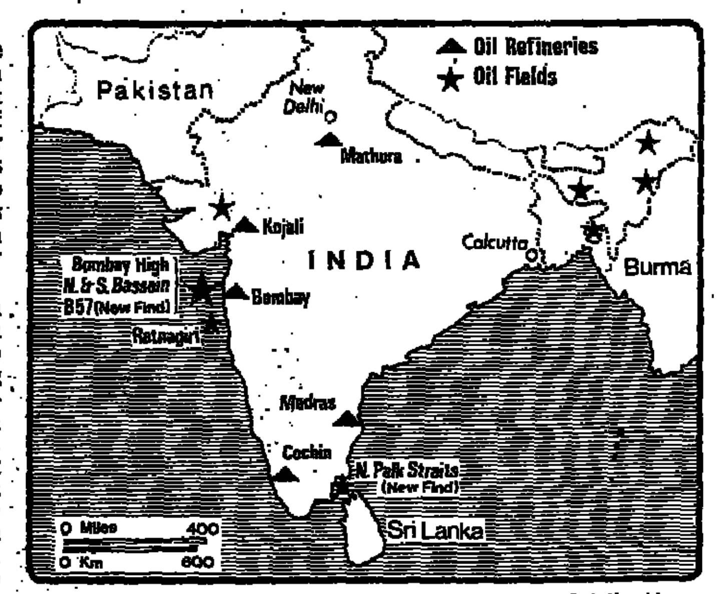
This is in the North Palk Straits in the Cauvery Basin which a Canadian group abandoned some years ago on the ground that it would yield only natural gas. ONGC has been luckier. Its first well spudded on July 30 is now yielding 1,500 barrels a day of oil. The field is believed to be commercial and its potential will be established after two more assessment wells are drilled within three or four months.

But its significance lies in the fact that oil has finally been found in an offshore area that is not in the western shelf where all the previous major finds have been located. This encourages the Government to think that foreign oil companies will bid for exploration rights in areas other than in the vicinity of Bombay High.

India's experience with foreign oil companies has been disappointing. A decade ago, two groups—Carlsberg and Reading and Bates—were given exploration rights in the Kutch Basin and the Bay of Bengal. Both made the minimum investment and abandoned exploration efforts after drilling just one well each. The Government then decided that both offshore and onshore exploration would be the monopoly of its two agencies, ONGC and Oil India, which is now fully Government owned after Burmah Oil's 50 per cent share has been taken over recently. The policy was changed again last year when the need to increase oil production became pressing. The Government threw open 32 blocks for exploration by large foreign companies, 22 of which responded firmly.

Unfortunately, most of the bids were for the promising blocks in the western continental shelf. Over the months, the number of eligible companies has dropped further and of the dozen shortlisted, negotiations are now in progress with just seven. Fewer than this are expected to undertake exploration.

The bulk of the burden will thus be borne by ONGC and Oil India both to increase yields of existing fields and finding new ones offshore and onshore. ONGC's present plans are to step up production substantially from Bombay High from the present 9m tonnes a year to 19m tonnes by 1985 with technology obtained from Compagnie Francaise des Petroles (CFP) with which an agreement was signed recently. The field's recoverable reserves of 300m tonnes will thus be used up earlier than planned—original targets were to extract a maximum of 10m tonnes a year—but the oil import bill has forced the Government to revise plans.



Bob Hutchison

The western continental shelf will thus continue to be the main source of both crude and natural gas. These are being extracted not only from Bombay High, but also adjacent fields like North and South Bassein and Ratnagiri to which will soon be added B-57. Hopes are that by 1985 production from the western continental shelf fields will rise to at least 22m tonnes.

Onshore production is to be raised by new technology obtained from the Russians, but the increase from existing fields is expected to be marginal. ONGC produces around 3.5m tonnes from Gujarat State in western India and it hopes to raise this by at least 1m tonnes, although to do so it must drill new wells as existing ones run dry.

Oil India produces another 3m tonnes from fields in eastern India, the bulk of them in Assam where production was sharply reduced last year because of students' agitation. If all goes well, the Assam oilfields will return to normal production this year.

Both ONGC and Oil India are exploring onshore in the north-east and strikes have been made in new areas in such states as Tripura, Nagaland and Arunachal where the infrastructure is slowly being laid for production. These areas are not easily accessible and the terrain is difficult, but the cost of oil has forced the Government to encourage both the producing agencies to develop new oilfields there.

Oil India is also drilling in the offshore Mahanidi Basin in the eastern continental shelf and ONGC in the Godavari Basin in the south-east. Hopes of finding oil are high since seismic surveys and other studies have been very promising. ONGC and Oil India have been given a total of 35 blocks — 18 offshore and 17 onshore — to explore and they have decided to conduct operations in some of them with the help of foreign companies, if necessary. But this will depend on the outcome of the present negotiations for the blocks opened to the foreigners.

The total exploratory drilling envisaged by ONGC and Oil India onshore is about 300 wells until 1985 involving drilling of 382,700 metres while about 95 wells are to be drilled offshore. This could be increased if seismic surveys now being made in new areas like the Himalayan foothills, Rajasthan and West Bengal promise the presence of hydrocarbons.

Obviously, one of the constraints is finance. ONGC and Oil India are to raise more of their own resources now that domestic prices paid to them have been raised (although they are still about a quarter of world prices). But budgetary allocations have also been increased and substantial Government funds are to be invested in exploration and production. ONGC's share in the current Sixth Plan has been raised from Rs 33.7bn (about £2.1bn) to Rs 47.88bn. A corresponding rise is expected for Oil India now that it is fully Government owned.

But foreign borrowing, both from the commercial markets and international agencies, is also being sought. ONGC has already borrowed $200m from the Eurocurrency market for development of Bombay High. But it needs something like $800m in the next couple of years to lay the necessary infrastructure. It is hoping that substantial suppliers' credit will be available since this is cheaper, but it may eventually have to resort to the capital markets.

In addition, the two organisations will generate their own resources and these are likely to improve now that the Government has bowed to the inevitabilitz of high domestic oil prices which are bound to be raised further over the years. Last July, the first of the major increases was made when the Government revised the price of indigenously produced crude to a uniform Rs 1,182 a tonne (about $120 a tonne) compared to the previous Rs 305 per tonne for onshore crude and Rs 475 for offshore crude.

One of the reasons for the accelerated production programme is the need to reduce dependence on foreign suppliers, quite apart from the cost. The Government learnt its lesson when the Iranian revolution and the Iraq-Iran war disrupted supplies and it had to buy expensive crude from the spot markets and ask Russia to bale it out of trouble. Shortages were avoided, but the Government is now diversifying its sources of supply and buying from such non-traditional sources as Mexico, Venezuela and Nigeria (although Indonesian crude has been found unsuitable for use in Indian refineries). For this year, all the 16m tonnes to be imported have been arranged through firm government-to-government contracts, mostly from the Middle East but also from Russia and the new sources.

To match the increased availability of crude from internal production, refining capacity is being increased. A new 6m-tonne refinery will be commissioned next month at Mathura in Uttar Pradesh State to process Bombay High crude to be pumped there through a pipeline being laid with the help of Snam Progetti. Other refineries being expanded to handle Bombay High crude—which has a high wax content—are those already located at Cochin in Kerala, Madras in Tamilnadu, Bharat Petroleum's unit at Bombay and at Kojali in Gujarat.

APPOINTMENTS

New chief for Mather & Platt

Dr R. G. J. Telfer has been appointed chairman and chief executive of MATHER AND PLATT, a member of the Wormald group.

He takes up his new post on November 1, after leaving ICI where he is currently group energy adviser, having been chairman of the petrochemicals division for the past five years. Dr Telfer has also been a board member of Phillips Imperial Petroleum.

★

Mr John A. Brimley has been appointed secretary of CHARTERHALL. Mr Michael A. H. Hendries previously executive director and secretary of the company continues as an executive director. Mr James E. Horigan, vice-president and general counsel of Charterhall America Inc., has been appointed to the board of Charterhall Oil as a non-executive director.

★

RICHARD ENGLAND, Salford, manufacturer of calender bowls for the textile and paper industries, has appointed Mr R. E. (Ralph) Quarton as technical director.

★

Mr Frank Girdwood and Mr John Leech have been appointed to the executive management board of COMMONWEALTH DEVELOPMENT CORPORATION.

★

Mr K. E. Roberts has been appointed to the board of GILL AND DUFFUS LANDAUER, edible nut and produce trading subsidiary of Gill and Duffus.

★

Mr Derek Hedley, manager business development (UK) has been appointed a vice-president of BECHTEL GREAT BRITAIN.

★

The Minister for the Arts has appointed Sir Richard Attenborough to be a governor, and chairman designate, of the BRITISH FILM INSTITUTE. He will take up the chairmanship of the BFI on January 1 on the retirement of the present chairman, Sir Basil Engholm. His appointment runs until 1984.

★

The Financial Secretary has appointed Mr Robin Harris as a special adviser in the TREASURY.

★

Mr John Wolff is to become managing director of JOHN WOLFF COMMODITIES, agent for Rudolf Wolff and Co., London, and Rudolf Wolff Commodity Brokers, New York.

★

Mr Michael Lainas has been appointed joint managing director of CGS, the Currys Group Service subsidiary trading nationally in the UK as Mastercare. He joins from Dixons Photographic UK where he was director of service and distribution and managing director of Dixserve. The current CGS managing director Mr Roger Dickinson, who is a Currys group director, will be assuming new responsibilities within the group.

★

Mr David Thistlethwaite has been appointed treasury manager of GREYHOUND GUARANTY.

★

Mr P. Gordon W. France has been appointed director and general manager of THOS. W. WARD (INDUSTRIAL DISMANTLING), Sheffield, a wholly-owned company of the Thos. W. Ward Group.

★

CORRUGATED PRODUCTS has appointed Mr Michael Green as group sales and marketing director.

★

Mr Peter Bingham, Mr Alan Brown and Mr Michael Hamer have been appointed executive directors of BARCLAYS MERCHANT BANK.

★

Mr Louis Demetriou has been appointed general secretary of the OFFICE MACHINES AND EQUIPMENT FEDERATION and editor of Office Pride. He succeeds Mr S. E. Wood-Higgs who is retiring.

★

Mr Colin Whalley has been appointed a non-executive director of BALTERLEY BATHROOMS. Mr W. E. F. (Bill) Price has been appointed an executive director. He has been managing director, for the last six years, of Avica Equipment.

Christian Tyler, Labour Editor, reports that wage talks in Britain's coal industry could set the pace

Miners back at the head of the queue

THIS YEAR the miners are back at the head of the winter wage queue. Their influence on the wage expectations and wage settlements of other workers — particularly those in the State industries — is always considerable. This year, it could be doubly important.

For not only are the miners at the head of the queue, but their pay negotiations, which opened yesterday, are being conducted against the background of the strictest policy for incomes attempted by a Government since Mr Callaghan's 5 per cent.

It has taken the National Union of Mineworkers nearly 10 years to get back to their traditional November 1 anniversary date. They were dislodged from this date by the award of Lord Wilberforce that settled the 1971-72 national strike.

The merit of the November anniversary from the miners' point of view is, of course, that any threat of industrial action looks more potent when the cold weather is just setting in than it does at the end of the winter.

From the Government's point of view, the early date is particularly unattractive, since if the miners' come away with, say, 10 per cent, everyone else—the water workers, the gas workers, the electricity supply workers and the railwaymen—will demand the same. On past form, they may get it too.

Unofficially, the Government is trying to keep wage rises to 4 per cent in the public sector, while the CBI is telling its members to give away no more than low single figures in the private sector.

The 4 per cent ceiling for the public sector formally applies only to the public services—to health, education and local government. But the early announcement of the cash limit for pay in the public services was intended to influence the Boards of the nationalised industries as well.

Yesterday's preliminaries at the National Coal Board's headquarters behind Buckingham Palace Gardens suggest that the Board has been little influenced by the low single figure policy. The figures produced by the Board's negotiators as the kind of money that might be available for a formal wage offer later this month suggest an opening bid of about 8 per cent.

If that were so, and negotiations were to drive the figures up to around 10 per cent, it seems improbable that the miners would turn it down in the customary pithead ballot. Of course, percentage calculations are one thing, and 8 per cent looks good in a 4 per cent regime. But the cash sums per week will be what count when the voting starts.

The miners this year have asked for a new minimum wage rate of £100 a week, with pro rata increases for other grades. This is the equivalent of nearly 25 per cent and would cost the Board about £200m. Yesterday the Board was talking about £71m for miners' basic pay and £14m for wage costs, like holidays, pensions and national insurance. The figure it said it could afford for the whole payroll—clerks, managers, pit deputies as well as mineworkers—was £120m for the coming 12 months.

The miners' claim is the same as last year. Indeed, the £100 a week target is three years' old. Along with the cash demand, the NUM is looking for salaried status, an idea promoted by Mr Arthur Scargill, Yorkshire area president and front-running candidate for the national presidency.

It is also seeking a shorter working week, a better spread of differentials, and protection of earnings for men forced by ill-health to take surface jobs after years of high-paid work underground. But these elements could well fall by the wayside in the interests of securing the best-looking cash offer.

Miners too have mortgages and hire purchase commitments and the general assessment so far is that they will prefer cash to shorter working hours.

To put this claim into perspective: basic rates range from £80.85 a week on the surface to £111.95 at the coalface. Average weekly earnings, as at May 2 this year, were £143.33, of which just over £26 a week was bonus money. Surface workers were getting an average of £129 a week, of which just less than £15 was bonus, while the highest paid underground workers were collecting, on average, £157.82, of which £36.27 was bonus money.

Other items to be weighed in the balance are that absenteeism is down to very low levels—10.7 per cent now compared with 12.4 per cent last year and more like 15 per cent in most preceding years. At the same time, overall productivity—output per manshift—is up by more than 4 per cent.

Moderates among the NUM negotiating team were hoping yesterday to push the offer up to around the 10 per cent mark before attempting to test the membership in a ballot. The last deal, on January 1 this year, was worth 9.8 per cent on basic rates, and an estimated 13 per cent on individual earnings because of an improvement in the bonus rates. But the net cost to the Board was probably nearer the bottom end of this range than the top, since the industry is still shedding manpower. In the year to March there were 8,322 fewer jobs and since April 1 another 5,700 have gone.

The figures in this autumn's claim may be the same, but the motivation is a little different. The increasingly powerful Left in the NUM leadership sees the claim as a battering ram against the entire economic strategy of this Government. They hope that the miners will revolt and become the spearhead for a much wider trade union assault.

In order to maximise the chances of politicising the membership in this way, the Left insisted in the pay resolution carried at the July conference that the delegate conference be recalled to make its own recommendation to the membership. The point here is that the conference is controlled by the Left, while the NUM national executive is still—though less firmly—controlled by the Right.

An important factor this year too is the imminent ballot of 240,000 miners for the national presidency. The election contest between Mr Scargill and fellow-Yorkshireman Mr Trevor Bell, secretary of the union's clerical section, formally begins early next month. The ballot itself is in early December.

It may be that neither faction will want to make the wages issue a test of their own standing in the union so soon before the decisive poll.

Hugh Routledge

Mr Arthur Scargill: promoting salaried status

Why the industry still depends on the Government

THE NCB's prospects for the coming year are far from bright. The recession has hit the British market for coal hard and there are no signs of an early recovery.

The Board has seen its UK sales fall from nearly 123m tonnes in 1979-80 to 113m tonnes last year and 1981-82 is expected to be even lower—about 111m tonnes.

The drop has been offset to some extent by a sharp increase in exports, which have risen from just 2.5m tonnes in 1979-80 to an expected 10m tonnes this year, thanks to a strong sales drive and supply problems in the U.S. and Poland.

To meet international competition, much of the export volume has been sold below the Board's average costs. However, it justifies the sales on the grounds that they bring in much needed cash and avoid the expense of stocking coal—now running at nearly £6 a tonne a year.

Even with exports, some 4m tonnes of coal will be added to stocks this year, taking the UK total to 42.5m tonnes—equivalent to a third of annual production. This figure could be even higher if the Board announces particularly high price increases this winter—increases which will depend largely on the NUM pay settlement, since wages account for about 50 per cent of its costs. In the midst of a recession, all its markets are acutely price sensitive.

In view of this over-supply, it might seem logical for the NCB to cut its production—the action most private sector companies could be expected to take. However, the Board is reluctant to do so at its so-called "long life" mines—new or modernised pits which it sees as providing the backbone of an expanding and profitable industry when demand for coal recovers.

Some £3bn has been poured into modernising the coal industry since 1974 and this investment is just starting to show returns, with a substantial upturn in productivity at the long life pits (although overall industry productivity is only marginally better than in 1972). The Board does not want to interrupt this momentum, even though financial constraints have forced it to cut capital investment by about £86m in real terms this year.

But matters are very different at its oldest, most exhausted pits which represent a severe financial drain and on purely economic grounds would have been shut down long ago.

The difficulties of closure were underlined last February when the Board announced plans to slash capacity by some 8m to 10m tonnes over the coming few years. In 1981-82 alone, 23 pits would close with a combined capacity of 4.3m tonnes.

Faced with unofficial strikes in several coalfields and the threat of a national stoppage, the Government performed a remarkable U-turn and bailed the NCB out, promising additional aid to keep the old pits open and meet competition from coal imports.

The NCB's operating grants for 1981-82—essentially the money used to balance its losses—have been raised by £300m to £550m. Its external financing limit (EFL), the total it can raise in loans and grants, has been increased by £231m to £1.117bn.

The joker in the poker game which has just begun between the NCB and NUM is the Government's attitude to grants and EFL's in the 1982-83 financial year—seven months of which will overlap with the pay settlement period.

The level of Government support will have a vital impact on the amount of money the NCB has for investment in modernisation, for keeping old pits open, for holding its market and thus for jobs and wages.

The Department of Energy is keeping very quiet about its plans. But unless it wants to risk a clash with the miners, like February's, the level of aid is likely to be broadly similar to this year's.

The Government's position should become clearer when it unveils a new coal industry Bill during the next few months. Its previous Act, which envisaged the progressive reduction of grants until the NCB broke even in 1983-84, was scuppered by February's U-turn.

With few signs of growth in the UK coal market until at least the mid-1980s, with the international market temporarily softening, and with the NCB moving only slowly to close its heaviest loss-making pits, the industry is likely to be dependent on Government aid for much longer than the next three years.

Martin Dickson

BIDS AND DEALS

Anglo-African seeks more Hallite shares

Anglo-African Finance, the UK holding company with a controlling interest in General Tire and Rubber of South Africa, has bid 200p for each of the outstanding shares of Hallite Holdings, the rubber and plastic seals manufacturer. Hallite is opposing the bid.

Since September 28, Anglo-African has purchased in the stock market 480,597 shares of Hallite representing 19.99 per cent of the equity for a cost of £961,074. Yesterday's bid values the entire equity of Hallite at £4.81m.

Hallite's management, advised by J. Henry Schroder Wagg, last night stressed that the Board was not supporting the bid and strongly advising them not to sell their holdings.

Directors of Anglo-African first met with Hallite early last week, but did not specify any intentions towards the company. They apparently only decided yesterday following talks with their merchant bank, Standard Chartered Merchant Bank, to make a full bid.

A further meeting was held during the day with the Hallite Board and the two sides agreed to pursue their separate courses.

One important factor in Anglo-African's decision to proceed, despite Hallite's opposition, appears to have been the support for its offer already received from a shareholder owning 7.83 per cent of the equity.

Mr R. Yentob and Mr N. Khazam, the Anglo-African directors handling the bid, own over 80 per cent of Anglo-African's stock. Their company is based in Manchester and has a number of investment interests in this country including an interest in Dewhurst Dent, glovemaker.

A controlling interest in General Tire is held via a network of subsidiaries including Williams Hunt, the South African motor distributor.

According to its advisers, Anglo-African regards Hallite as an appropriate diversification away from its main business in textiles. The rubber technology expertise available to the group from General Tire is seen as a major advantage.

Standard Chartered emphasised last night, though, that it was Aglo-African's "categorical" intention to retain the Hallite management in the event of a successful takeover.

Hallite's management was not available for comment yesterday. The company's shares closed up 9p at 204p.

Letraset convinced of important benefits

The Board of Letraset, which has agreed a bid worth £62m from the Swedish office equipment, publishing and printing group Esselte AB, "is convinced that there are important commercial benefits to be gained from merging Letraset with Esselte."

Writing to shareholders giving the reasons for the Board's acceptance, Mr Bill Fieldhouse, Letraset chairman, said that "in the light of progress made following rationalisation within the Stanley Gibbons division, Esselte will be reviewing with management the prospects for the future of that division."

Stanley Gibbons lost £2.25m before tax and interest in the 12 months to April 30 1981 and pre-tax profits for the group as a whole were halved to £6.03m. Rationalisation costs in Gibbons amounted to £4.05m. Letraset has already forecast pre-tax profits of £11.5m for the current year.

Shareholders will be asked to vote payments for compensation for loss of office to four non-executive directors of Letraset.

Explaining that they have all "made valuable contributions to the growth and development of Letraset," the group proposes to pay Mr R. F. Calman £25,000 and Mr D. R. Elder £15,000 as compensation, and to make annual pension payments of £20,000 to Mr J. G. Soper and £20,000 to Mr B. J. Whelan.

TRIDENT TV

Trident Television is to acquire a minority stake in Richard Price Television Associates following the appointment of that company to handle the distribution of all its programmes from January 1, 1982. A Trident nominee will also join the RPTA board. This arrangement includes all programmes produced by Tyne Tees Television and Yorkshire Television up to December 31 this year.

No probe for bid by Hanson

The Secretary of State for Trade, Mr John Biffen, has decided not to refer the proposed acquisition by Hanson Trust of Berec Group to the Monopolies and Mergers Commission under the provision of the Fair Trading Act 1973, after studying a report from the Office of Fair Trading.

If another group subsequently announced a proposal to acquire Berec, the Ever Ready battery group which is fighting Hanson's £73m bid, and if that proposed acquisition were referred to the Commission, the Secretary of State added that he would need to consider whether, in those circumstances, the proposed acquisition by Hanson Trust should also be referred.

Lilley emerges as bidder for MDW

F. J. C. LILLEY, the fast-expanding Glasgow-based civil engineering and contracting group with large energy-related interests, yesterday emerged as the bidder for MDW Holdings, the Glasgow construction and property development group.

The two boards announced that agreement has been reached for a recommended offer by Lilley on terms valuing MDW at £7.76m, at last night's closing prices.

Lilley is offering one of its own shares plus 100p cash for every two MDW shares. On the basis of Lilley's closing price yesterday of 130p (down 10p) the terms value each MDW share at 115p. MDW shares closed at 103p which compares with Monday's suspension price of 82p.

Lilley made its first approach to MDW last March but the terms then were unacceptable. Mr J. C. Murray, managing director of MDW, said yesterday the two companies were already partners in a Glasgow development and he thought that the acquisition "makes sound sense." The directors intend to accept the offer in respect of their 9.08 per cent holdings.

Lilley believes the acquisition will extend the range of construction services and provide opportunities for the enlarged group to consolidate further its trading position, particularly in Scotland and Northern England.

Group pre-tax profits of MDW increased from £1.23m to £1.64m in 1980, on a turnover up from £33.2m to £45.5m. Shareholders' funds at December 31 1980 amounted to £8.3m — equal to 122.6p per share. MDW intends to declare an interim dividend of 1.5p net in respect of 1981 which shareholders will be entitled to retain.

Its shareholders' funds at January 31 1981 amounted to £26.7m.

Accepting MDW shareholders will have the right to elect to receive a higher proportion of the consideration due to them in the form of either cash or of Lilley shares.

In addition, they will have the right to receive, as an alternative to all or part of the cash element, an equivalent nominal amount of new loan stock 1985 of Lilley.

Guthrie 'reluctantly' advises acceptance

Guthrie Corporation, the UK based plantations group, has "reluctantly" advised its shareholders to accept the £282.5m takeover bid by Permodalan Nasional Berhad, the investment institution established by the Malaysian government.

The group has told its shareholders in a circular that profits before tax of the year ending December 31 1981 will not be less than £28.5m compared with £24m in 1980. Earnings per share will show a substantial improvement on last year's 27.3p.

Permodalan, which until recently held 25 per cent of the Guthrie equity, gained control of the plantations group in one of the fastest takeover operations that the City has seen.

Mr M. J. Gent, chairman and joint managing director, tells shareholders that "it is a matter of considerable regret that the overwhelming majority of shareholders were thus presented with a fait accompli, and it seems wholly unreasonable that the board of a listed company, whose responsibilities encompass the interests of shareholders, large and small . . . should have been unable to advise shareholders and to give them information on which to make a reasoned judgment before a controlling interest was acquired."

He says the net tangible asset value attributable to the ordinary shareholders of the Corporation at September 30, 1981, is estimated at £250m (equivalent to approximately £8 per share) based on exchange rates at that date but including plantation assets at the values established at December 31, 1979.

"Much of the Corporation's asset value is represented by 190,000 acres of plantation land in Malaysia. Because control of the Corporation has now passed, your board," says Mr Gent, "considers the costs and delays of a further revaluation would not be justified."

He adds: "If control had not passed, there is no doubt that your board and its advisers, Baring Brothers, would have strongly recommended rejection of the PNB offer on the grounds that a price of 901p for each ordinary share does not adequately reflect the underlying value of the business."

Mr Gent concludes that it is unlikely that more than a small percentage of shares would remain in independent hands and so the market in those shares would be "very restricted."

In the circumstances, "prices could fall well below the 901p per ordinary share and 65p per preference share which you are now being offered by PNB."

Second suitor for Hiltons

Ward White, the shoe manufacturing group, is considering making a counter-offer for Hiltons Footwear, the Midlands shoe retailer, which last week invited its shareholders to approve a merger with George Oliver (Footwear).

A subsidiary of Ward White has bought 742,520 shares of Hiltons since last Thursday, accounting for 12.09 per cent of the total equity. The first purchase was made at 100p, but most of the shares so far acquired have been bought at 130p.

Mr Philip Birch, Ward's chairman elect, said yesterday that he was "quite encouraged" to have picked up a 12.09 per cent stake. While 40.23 per cent of Hiltons' shareholders have already given irrevocable undertakings to accept the merger with George Oliver, Mr Birch thought this was only a sign that these shareholders have accepted the idea of a change of status for Hiltons.

Ward's advisers, Morgan Grenfell, are expected to make a bid proposal to Hiltons' bankers, County Bank. Mr Birch expressed his confidence that Ward could develop Hiltons

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$450	51	22 B	15	59	—	—	$451
GOLD C	$475	25	18	11	29	—	—	"
GOLD C	$500	33	6 B	2	17	—	—	"
GOLD C	$525	35	4 B	—	—	—	—	"
GOLD P	$425	20	6 A	5	13 A	—	—	"
GOLD P	$450	15	16 A	—	—	—	—	"
		Oct.		Jan.		April		
ABN C	F.300	22	0.50	—	—	—	—	F.286
AKZO C	F.22.50	—	—	—	—	7	2.50	F.21.40
AKZO C	F.25	—	—	11	1	8	1.70	"
AKZO P	F.22.50	50	1.20	10	2	—	—	"
HEIN C	F.50	—	—	20	3.50	—	—	F.48
HEIN P	F.55	—	—	10	7.20	—	—	"
HOOG P	F15	—	—	150	1.20	—	—	F.15.30
KLM C	F.80	—	—	13	14	—	—	F.88.30
KLM C	F.90	187	2.50	88	8.80 B	21	13	"
KLM C	F.100	146	0.50	42	5.80	13	8.30	"
KLM C	F.110	45	0.30	21	3.50	10	6.90 A	"
KLM C	F.120	—	—	45	2.10	—	—	"
KLM C	F.130	—	—	6	1.50 A	—	—	"
KLM P	F.80	83	0.50	23	3.50	—	—	"
KLM P	F.90	192	4	54	8.50	—	—	"
KLM P	F.100	12	14	—	—	—	—	"
NEDL C	F.140	18	2.80	—	—	—	—	F.140.50
NEDL C	F.150	—	—	8	7	—	—	"
NEDL C	F.160	—	—	7	3	—	—	"
NEDL C	F.170	—	—	8	2.40	—	—	"
NEDL P	F.130	10	0.50	—	—	8	4	"
NEDL P	F.140	—	—	15	6	—	—	"
NATN C	F.110	14	3.40	—	—	—	—	F.113.50
NATN C	F.115	—	—	12	2.80	—	—	"
NATN C	F.120	—	—	13	1.60	—	—	"
PHIL C	F.20	25	0.30	96	1.70	74	2.60	F.19
PHIL C	F22.50	—	—	16	0.80	21	1.50	"
PHIL C	F.25	—	—	67	0.50	35	0.80	"
PHIL C	F.27.50	—	—	50	0.20	—	—	"
PHIL P	F.17.50	—	—	30	0.70	10	1	"
PHIL P	F.20	97	1.10	274	1.70	65	2.10	"
PHIL P	F.22.50	37	3.50	—	—	42	3.70	"
RD C	F.70	—	—	131	12	10	8 B	F.77
RD C	F.80	245	1.30	24	5	20	3.50	"
RD C	F.90	—	—	138	2	64	2	"
RD C	F.100	—	—	33	0.90	27	3.30	"
RD P	F.70	—	—	45	2	—	—	"
RD P	F.80	61	4.20	—	—	10	11 A	"
UNIL C	F.140	6	1.50	—	—	—	—	F.159
UNIL C	F.150	—	—	27	4	—	—	"
UNIL C	F.160	—	—	17	2	—	—	"
UNIL P	F.130	10	0.50	47	3.20	—	—	"
UNIL P	F.140	25	2.90 B	—	—	—	—	"
		Nov.		Feb.		May		
MANN C	DM.160	10	2	—	—	—	—	DM150

TOTAL VOLUME IN CONTRACTS 3562

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Oct. 6. Total Contracts 1,871. Calls 1,290. Puts 581

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	260	32	2	50	—	54	—	288p
BP (c)	280	17	199	34	62	38	10	"
BP (c)	300	6	110	22	105	28	—	"
BP (c)	320	1	—	12	1	—	—	"
BP (c)	380	1	—	3	16	—	—	"
BP (p)	260	4	—	9	1	13	—	"
BP (p)	280	8	30	20	25	24	—	"
BP (p)	300	20	10	28	—	38	125	"
BP (p)	320	34	—	34	45	—	—	"
CU (c)	180	¾	100	4	—	7	3	141p
Cons. Gld (c)	500	4	6	26	16	35	2	466p
Cons. Gld (p)	420	4	4	11	—	15	—	"
Cons. Gld (p)	460	13	—	23	—	23	1	"
Court'lds (c)	60	1	4	3½	—	6	—	53p
GEC (c)	650	42	3	77	1	105	—	684p
GEC (c)	700	13	14	47	—	75	—	"
GEC (c)	750	3	—	29	5	50	—	"
GEC (c)	800	1	—	15	—	32	1	"
Gr'd Met. (c)	160	14	1	23	1	29	—	169p
Gr'd Met. (c)	180	3	20	13	—	18	—	"
Gr'd Met. (c)	200	1	—	6	—	11	1	"
Gr'd Met. (c)	220	½	—	4	30	6	—	"
Gr'd Met. (p)	160	5	—	9	—	14	20	"
Gr'd Met. (p)	180	15	1	21	—	24	—	"
Gr'd Met. (p)	200	33	—	34	1	35	—	"
ICI (c)	260	8	44	22	—	32	—	260p
ICI (c)	280	3	12	12	—	21	—	"
ICI (c)	300	1	—	9	15	13	—	"
ICI (p)	260	13	25	20	5	24	1	"
ICI (p)	280	26	—	28	—	30	1	"
Land Sec. (c)	260	26	3	36	—	46	—	290p
Land Sec. (c)	288	6	6	17	—	33	—	"
Land Sec. (c)	360	—	—	—	—	5	5	"
Mks & Sp (c)	110	9	—	14	2	18	—	116p
Mks & Sp (c)	120	2½	7	8	69	13	—	"
Mks & Sp (c)	130	½	62	4½	25	7½	—	"
Mks & Sp (c)	140	¼	—	2	1	5	16	"
Shell (c)	330	15	12	30	15	40	—	340p
Shell (c)	360	2	12	18	25	26	—	"
Shell (c)	390	½	—	9	25	16	—	"
Shell (c)	420	¼	—	4	—	6	1	"
Shell (p)	330	11	—	17	35	20	—	"
Shell (p)	360	24	—	26	—	28	5	"
Shell (p)	420	82	—	86	—	88	5	"
		November		February		May		
Barclays (c)	390	30	8	50	—	55	—	410p
Barclays (c)	420	12	—	30	25	40	—	"
Imperial (c)	60	3	22	5	3	5½	—	58p
Lasmo (c)	460	20	—	40	—	47	2	447p
Lasmo (c)	500	13	—	27	1	38	—	"
Lonrho (c)	70	10	50	14	1	16	—	75p
Lonrho (c)	80	4½	5	8	—	11	—	"
Lonrho (c)	90	1½	—	5	10	6	—	"
Lonrho (p)	70	2½	5	5	—	7	—	"
Lonrho (p)	80	7	10	10	—	11	1	"
Lonrho (p)	90	15	—	15	—	17	4	"
P & O (c)	100	8	2	9½	—	13	—	100p
Racal (c)	360	53	1	72	—	85	—	400p
Racal (c)	390	30	3	50	—	63	—	"
Racal (c)	420	15	35	33	—	45	—	"
Racal (c)	460	4	2	18	—	28	—	410p
Racal (p)	360	10	2	18	44	25	—	"
Racal (p)	390	20	29	25	31	37	—	"
Racal (p)	420	30	20	38	60	47	3	"
RTZ (c)	420	51	5	—	—	—	—	467p
RTZ (c)	460	32	14	67	2	67	—	"
RTZ (c)	500	22	18	37	4	50	—	"
RTZ (p)	460	27	—	32	15	50	6	"
RTZ (p)	500	52	12	57	—	62	—	"

C=Call P=Put

London Clearing Banks' balances

as at September 16, 1981

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

LIABILITIES	Total outstanding £m	£m	Change on month £m	£m
Sterling deposits:				
UK banking sector	7,411		−782	
UK private sector	44,197		+413	
UK public sector	543		− 16	
Overseas residents	5,369		+ 58	
Certificates of deposit	1,979		+ 61	
		59,499		−266
of which: Sight		19,850		− 2
Time (inc. CD's)		39,649		−264
Foreign currency deposits:				
UK banking sector	13,028		+675	
Other UK residents	3,134		− 75	
Overseas residents	26,230		− 87	
Certificates of deposit	2,303		− 15	
		44,695		+499
Total deposits		104,194		+232
Other liabilities*		13,597		+154
TOTAL LIABILITIES		117,792		+386
ASSETS				
Sterling				
Cash and balances with Bank of England		1,450		− 14
Market loans:				
Discount market	2,631		+490	
UK banks	9,164		−644	
Certificates of deposit	1,294		− 14	
Local authorities	1,336		− 9	
Other	1,603		+117	
		16,027		− 60
Bills:				
Treasury bills	455		−242	
Other bills	1,260		+ 51	
		1,715		−191
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	2,716		+ 11	
Other	2,211		− 10	
		4,927		+ 1
Advances:				
UK private sector	35,739		+123	
UK public sector	374		−105	
Overseas residents	3,255		+ 85	
		39,368		+103
Other sterling assets*		7,538		+140
Foreign currencies				
Market loans:				
UK banks and discount market	11,755		+290	
Certificates of deposit	333		− 42	
Other	19,128		−164	
		31,216		+ 84
Bills		54		—
Advances:				
UK private sector	2,711		+106	
UK public sector	408		+ 3	
Overseas residents	10,007		+ 91	
		13,127		+201
Other foreign currency assets*		2,370		+123
TOTAL ASSETS		117,792		+386
Acceptances		1,147		+ 63

(a) Includes items in suspense and in transit

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m	Change on month £m	BARCLAYS Outstanding £m	Change on month £m	LLOYDS Outstanding £m	Change on month £m	MIDLAND Outstanding £m	Change on month £m	NATIONAL WESTMINSTER Outstanding £m	Change on month £m	WILLIAMS & GLYN'S Outstanding £m	Change on month £m
LIABILITIES												
Total deposits	104,194	+232	30,116	+ 28	17,313	−709	21,542	+385	32,251	+476	2,973	+ 53
ASSETS												
Cash and balances with Bank of England	1,450	− 14	465	+ 51	267	+ 35	271	− 35	397	− 74	49	+ 9
Market loans:												
UK banks and discount market	23,550	+136	6,664	+245	2,701	−851	3,670	− 15	9,870	+761	644	− 4
Other	23,693	−113	6,808	−163	4,897	−117	4,164	+127	7,113	+ 25	711	+ 16
Bills	1,769	−191	499	−146	526	+221	363	− 10	354	−252	27	− 4
British Government stocks	2,716	+ 11	828	− 16	501	—	736	+ 20	576	+ 7	74	—
Advances	52,495	+303	15,428	− 14	9,072	+ 22	11,907	+221	14,539	+ 47	1,549	+ 26

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL	BARCLAYS	LLOYDS	MIDLAND	NATIONAL WESTMINSTER	WILLIAMS & GLYN'S
Eligible liabilities*	36,503	11,742	5,915	8,535	9,062	1,249

*The formula for calculating eligible liabilities was changed on a transitional basis as from 20th August 1981. It is not possible, therefore, to calculate accurately the change on month.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Guinness Mahon	16 %
Allied Irish Bank	16 %	■ Hambros Bank	16 %
American Express Bk.	16 %	Heritable & Gen. Trust	16 %
Amro Bank	16 %	■ Hill Samuel	§16 %
Henry Ansbacher	16 %	C. Hoare & Co.	†16 %
■ Arbuthnot Latham	16 %	Hongkong & Shanghai	16 %
Associates Cap. Corp.	16 %	Knowsley & Co. Ltd.	16½%
Banco de Bilbao	16 %	Langris Trust Ltd.	16 %
BCCI	16 %	Lloyds Bank	16 %
Bank of Cyprus	16 %	Mallinhall Limited	16 %
Bank of N.S.W.	16 %	Edward Manson & Co.	17 %
Banque Belge Ltd.	16 %	Midland Bank	16 %
Banque du Rhone et de la Tamise S.A.	16½%	■ Samuel Montagu	16 %
Barclays Bank	16 %	■ Morgan Grenfell	16 %
Beneficial Trust Ltd.	17 %	National Westminster	16 %
Bremar Holdings Ltd.	17 %	Norwich General Trust	16 %
Bristol & West Invest.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Slavenburg's Bank	16 %
■ Brown Shipley	16 %	E. S. Schwab	17 %
Canada Perm't Trust	16½%	Standard Chartered	‖16 %
Cayzer Ltd.	16 %	Trade Dev. Bank	16 %
Cedar Holdings	16 %	Trustee Savings Bank	16 %
■ Charterhouse Japhet	16 %	TCB Ltd.	16 %
Choulartons	16 %	United Bank of Kuwait	16 %
Citibank Savings	¶13 %	Whiteaway Laidlaw	16½%
Clydesdale Bank	16 %	Williams & Glyn's	16 %
C. E. Coates	16 %	Wintrust Secs. Ltd.	16 %
Consolidated Credits	16 %	Yorkshire Bank	16 %
Co-operative Bank	*16 %		
Corinthian Secs.	16 %		
The Cyprus Popular Bk.	16 %		
Duncan Lawrie	16 %		
Eagil Trust	16 %		
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Grindlays Bank	‡16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14.5%, 1-month 14.75%. Short term £4,000/12 month 16.35%.
† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14½% and over £50,000 14¾%.
‡ Call deposits £1,000 and over 14%.
§ Demand deposits 14½%.
‖ 21-day deposits over £1,000 15½%.
¶ Mortgage base rate.

$ & £ firm

Dollar rose sharply against the D-mark and other major currencies in confused foreign exchange trading following news of the death of President Anwar Sadat of Egypt. The U.S. currency was little changed in early trading, but gained ground on the initial report from Cairo, with the market very volatile for several hours on the lack of any clear information about the President's condition.

Sterling was firm against the dollar in early trading, but weakened in the afternoon on the heavy demand for the dollar. The pound improved against other currencies on the announcement from Egypt of Mr Sadat's death, reflecting Britain's position as an oil producer at a time of possible instability in the Middle East.

European currencies showed little change within the EMS, although the Belgian franc and Italian lira weakened while the Irish punt improved.

DOLLAR — trade-weighted index (Bank of England) rose to 108.3 from 107.6. The U.S. currency touched a peak of DM 2.2925 against the D-mark, before closing at DM 2.2550, compared with DM 2.2255. It rose to FFr 5.6350 from FFr 5.58 against the French franc; to SwFr 1.9050 from SwFr 1.8860 in terms of the Swiss franc; and to Y230.40 from Y227.50 against the Japanese yen.

STERLING — trade-weighted index (Bank of England) rose to 88.2 from 88.1, after opening at 88.4 and standing at 88.1 at noon. The pound opened at $1.8570-1.8580, and rose to a high of $1.8665-1.8675 by mid-morning. It eased to $1.8525 at lunch and fell to $1.8350-1.8360 in the afternoon on confirmation of President Sadat's death, before closing at $1.8480-1.8500, a fall of 60 points on the day. Sterling rose to DM 4.17 from DM 4.13; to FFr 10.4050 from FFr 10.3450; to SwFr 3.52 from SwFr 3.50, and to Y426 from Y422.

D-MARK—No longer strongest member of the European Monetary System following Sunday's realignment. However the 5.5 per cent revaluation of the German currency has only reinforced market sentiment that the D-mark has been undervalued against its EMS partners for some time. After initial fluctuation the D-mark is expected to improve from its current position near the bottom of the system, while there may also be room for the Bundesbank to ease domestic credit policy — The D-mark showed mixed changes at the Frankfurt fixing, improving against the Japanese yen, Swiss franc, and the two devalued members of the EMS, the French franc and Italian lira, but losing ground to sterling and the dollar. The U.S. currency, which rose to DM 2.2470 from DM 2.2410 at the fixing, gained strength from the news of the attack on President Anwar Sadat in Cairo. Before the announcement from Egypt the dollar was trading around DM 2.2265, but immediately rose to DM 2.25. The Bundesbank did not intervene at the fixing.

JAPANESE YEN — Fairly steady in recent weeks, after a gradual improvement from the weakness shown against the dollar around the middle of the year. High U.S. interest rates continue to support the dollar, but the underlying strength of the Japanese economy remains a significant factor — The yen showed little change against the dollar in dull Tokyo trading, with the U.S. currency easing slightly to Y228.65 from Y228.75. It opened at Y228.40, and touched a low of Y227.50, but spent most of the day above Y228, and reached a peak of Y228.75. The yen benefited from the strength of the D-mark.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	40.8307	+0.18	+0.04	±1.5368
Danish Krone	7.91117	7.84200	−0.87	−1.01	±1.6412
German D-Mark	2.40989	2.43840	+1.18	+1.04	±1.1077
French Franc	6.17443	6.10962	−1.05	−1.19	±1.3733
Dutch Guilder	2.66382	2.69588	+1.20	+1.06	±1.5063
Irish Punt	0.684452	0.681818	−0.38	−0.52	±1.6688
Italian Lira	1300.67	1295.47	−0.40	−0.40	±4.1229

Changes are for ECU, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.
Sterling/ECU rate for October 6 .... 0.589580

EXCHANGE CROSS RATES

Oct. 6	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.849	4.170	426.0	10.405	3.520	4.595	2209.	2.218	70.05
U.S. Dollar	0.541	1.	2.255	230.4	5.627	1.904	2.485	1195.	1.200	37.89
Deutschemark	0.240	0.443	1.	102.2	2.495	0.844	1.102	529.7	0.532	16.80
Japanese Yen 1,000	2.347	4.340	9.789	1000.	24.42	8.263	10.79	5186.	5.207	164.4
French Franc 10	0.961	1.777	4.008	409.4	10.	3.383	4.416	2123.	2.132	67.32
Swiss Franc	0.284	0.525	1.185	121.0	2.956	1.	1.305	627.6	0.630	19.90
Dutch Guilder	0.218	0.402	0.908	92.71	2.264	0.766	1.	480.7	0.483	15.24
Italian Lira 1,000	0.453	0.837	1.888	192.8	4.710	1.593	2.080	1000.	1.004	31.71
Canadian Dollar	0.451	0.834	1.880	192.1	4.691	1.587	2.072	995.9	1.	31.58
Belgian Franc 100	1.428	2.640	5.953	608.1	14.85	5.025	6.560	3153.	3.166	100

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 6)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 1/4	offer 16 3/8	bid 16 5/8	offer 16 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Oct. 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15¾-15⅞	14⅜-14⅝	17-18	12¾-12⅞	7-7½	10⅞-11	30-40	18-22	16-35	5½-6
7 days' notice	16 16¼	14⅛-14¾	17-18	12¾-12⅞	7¼-7¾	10⅞-11⅛	28-38	16½-21½	30-44	6-6¼
Month	16 5/16-16 7/16	15½-15¾	18⅝-19	12⅛-12⅝	10 1/16-10 3/16	11¼-11⅜	22½-24½	20½-23½	26½-31½	6 5/16-6 9/16
Three months	16 5/16-16 7/16	16⅜-16⅝	18⅞-19¼	12⅝ 12⅞	10⅝-10½	11⅜ 11½	21-23	23¼-24¾	21-23½	7⅝-7⅞
Six months	16 5/16-16 7/16	16⅝-16⅞	19⅛-19½	12⅝-12⅞	10 7/16-10 9/16	11⅜ 11½	20-22	25-26½	19¼-20¾	7⅝-7⅞
One Year	16¼-16⅝	17⅝-17⅞	18⅞-19¼	12¼ 12⅝	9⅝-9¾	11 1/16-11 3/16	19½-21½	24-25½	17¾-18¾	6-6¼

SDR linked deposits: one-month 14⅝-15 per cent; three-months 14¾-15⅛ per cent; six-months 14 15/16-15 5/16 per cent; one-year 14⅞-15 per cent.
ECU linked deposits: one-month 16¾-17 per cent; three-months 16¼-16⅝ per cent; six-months 16 5/16-16 7/16 per cent; one-year 15¾-15⅞ per cent.
Asian $ (closing rates in Singapore): one-month 15⅞-16 per cent; three-months 16 7/16-16 9/16 per cent; six-months 16¾-16⅞ per cent; one-year 16½-16⅝ per cent.
Long-term Eurodollar two years 16¾-17 per cent; three years 16¾-17 per cent; four years 16⅝-16⅞ per cent; five years 16⅝-16⅞ per cent nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.70-15.80 per cent; three-months 16.00-16.10 per cent; six-months 16.30-16.40 per cent; one year 16.15-16.25 per cent.

THE DOLLAR SPOT AND FORWARD

Oct 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8350-1.8675	1.8480-1.8500	0.12-0.02c pm	0.45	0.02-0.12dis	−0.15
Ireland†	1.5650-1.6160	1.5650-1.5750	0.70-0.60c pm	4.97	1.40-1.20 pm	3.31
Canada	1.1975-1.1986	1.1983-1.1986	0.30-0.33c dis	−3.15	0.74-0.78dis	−2.54
Nethlnd.	2.4525-2.4900	2.4880-2.4900	0.77-0.70p pm	3.57	2.45-2.35 pm	3.88
Belgium	36.80-37.91	37.89-37.91	35-50c dis	−13.84	45-65 dis	−5.80
Denmark	7.1320-7.2200	7.2100-7.2200	1.40-1.80ore dis	−2.67	3.10-3.50dis	−1.84
W. Ger.	2.2100-2.2925	2.2545-2.2555	0.89-0.84pf pm	4.60	2.68-2.62 pm	4.70
Portugal	63.50-65.00	64.50-65.00	45-275c dis	−29.92	80-400 dis	−14.86
Spain	94.85-95.80	95.70-95.80	par-10c dis	−0.63	15-35 dis	−1.05
Italy	1179-1200	1195-1200	6-9lire dis	−7.57	22-28 dis	−8.08
Norway	5.7925-5.8825	5.8525-5.8825	1.10-0.70ore pm	1.85	3.80-3.50 pm	2.54
France	5.5400-5.6600	5.6325-5.6375	3½-4½c dis	−8.57	7-8½ dis	−5.55
Sweden	5.4700-5.5150	5.5050-5.5150	1.60-1.40ore pm	3.27	5.30-5.15 pm	3.80
Japan	227.50-231.50	230.35-230.45	1.85-1.70y pm	9.24	5.10-4.95 pm	8.72
Austria	15.57-15.90	15.88-15.98	5.80-4.10gro pm	3.70	15-11 pm	3.30
Switz.	1.8770-1.9250	1.9045-1.9055	0.95-0.85c pm	5.67	3.82-3.72 pm	7.92

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Oct 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8350-1.8675	1.8480-1.8500	0.12-0.02c pm	0.45	0.02-0.12dis	−0.15
Canada	2.2040-2.2370	2.2170-2.2190	0.45-0.55c dis	−2.70	1.40-1.60dis	−2.70
Nethlnd.	4.54-4.64	4.59-4.60	1¾-1¼c pm	3.92	4½-4 pm	3.70
Belgium	68.50-70.50	69.95-70.15	70-85c dis	−13.28	100-120 dis	−6.27
Denmark	13.20-13.52	13.43-13.45	1¾-2¾ore dis	−1.67	7½-3½ dis	−0.78
Ireland	1.1550-1.1730	1.1680-1.1700	0.39-0.51p dis	−4.62	0.94-1.15dis	−3.57
W. Ger.	4.10-4.20	4.16½-4.17½	2-1½pf pm	5.03	5½-4½ pm	4.66
Portugal	117.25-120.50	119.10-119.60	75-515c dis	−29.66	145-785dis	−15.08
Spain	176.70-177.30	176.30-176.60	5c pm-20 dis	−0.51	20-50 dis	−0.78
Italy	2185-2215	2208-2210	10½-13¾lire dis	−6.65	42½-47½dis	−8.18
Norway	10.72-10.92	10.86-10.88	3-1½ore pm	2.82	8½-7½ pm	2.90
France	10.32-10.52	10.40-10.41	6¼-7¼c dis	−7.78	13½-16½ dis	−5.57
Sweden	10.14-10.30	10.22½-10.24½	3-1⅞ore pm	2.88	9¾-8¼ pm	3.42
Japan	420-430	425½-426½	3.75-3.45 y pm	10.14	9.45-9.10 pm	8.71
Austria	28.85-29.25	29.13-29.18	12-7gro pm	3.91	34-26 pm	4.11
Switz.	3.49-3.56	3.51½-3.52½	1¾-1¼c pm	5.11	4¾-4½ pm	5.25

Belgian rate is for convertible francs. Financial franc 75.80-75.90. Six-month forward dollar 0.30-0.40c dis. 12-month 0.50-0.70c dis.

CURRENCY MOVEMENTS

Oct. 6	Bank of England Index	Morgan Guaranty Changes%
Sterling	88.2	−35.2
U.S. dollar	108.3	+1.9
Canadian dollar	87.8	−17.0
Austrian schilling	118.5	+25.5
Belgian franc	107.1	+10.3
Danish kroner	89.2	−8.1
Deutsche mark	125.0	+44.1
Swiss franc	145.9	+93.9
Guilder	114.0	+19.2
French franc	82.2	−12.9
Lira	56.5	−57.1
Yen	138.3	+35.4

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.630265	0.589402
U.S. $	14	1.15559	1.09180
Canadian $	19.60	1.36590	1.30985
Austria Sch.	6¾	18.1562	17.1531
Belgian F.	13	43.1728	40.7298
Danish K.	11	—	7.84183
D mark	7½	2.58988	2.43744
Guilder	9	2.86009	2.69465
French Fr.	9½	6.47015	6.10697
Lira	19	1365.91	1291.60
Yen	6¼	263.475	249.746
Norwgn. Kr.	9	6.76887	6.36954
Spanish Pta.	8	110.359	104.212
Swedish Kr.	12	6.36961	6.01580
Swiss Fr.	6	2.19909	2.07387
Greek Dr'ch.	20½	—	51.6265

OTHER CURRENCIES

Oct. 6	£	$		£ Note Rates
Argentina Peso	10,858-10,878†	5857-5877†	Austria	28.80-29.20
Australia Dollar	1.6005-1.6045	0.8680-0.8685	Belgium	75.20-76.20
Brazil Cruzeiro	200.25-201.25	108.10-108.64	Denmark	13.22-13.37
Finland Markka	8.106-8.121	4.3920-4.3950	France	10.34-10.54
Greek Drachma	101.377-104.480	56.60-56.80	Germany	4.13½-4.18½
Hong Kong Dollar	11.07½-11.09½	6.00-6.03	Italy	2160-2230
Iran Rial	145.75*	79.70*	Japan	425-430
Kuwait Dinar (KD)	0.523-0.529	0.2821-0.2824	Netherlands	4.57-4.62
Luxembourg Fr.	69.95-70.15	37.89-37.91	Norway	10.69-10.79
Malaysia Dollar	4.2725-4.2825	2.3140-2.3190	Portugal	117-135
New Zealand Dlr.	2.2205-2.2255	1.2035-1.2045	Spain	172-184
Saudi Arab. Riyal	6.31-6.37	3.4025-3.4075	Sweden	10.12-10.22
Singapore Dollar	3.8975-3.9075	2.1120-2.1170	Switzerland	3.50-3.55
Sth. African Rand	1.7465-1.7485	0.9445-0.9455	United States	1.84½-1.86½
U.A.E. Dirham	6.81-6.87	3.6700-3.6750	Yugoslavia	82-85

† Rate given for Argentina is the commercial rate. The financial rate for sterling 14,671-14,691 and for the dollar 7,900-7,950. *Selling rate.

MONEY MARKETS

Rates ease further

London clearing banks base lending rates 16 per cent (since October 1)

Interest rates fell in London yesterday reflecting to some extent an easier tendency in U.S. interest rates and a recent improvement in sterling. Three month eligible bills fell to 15⅝ per cent from 15⅞ per cent while buying rates for three-month Treasury bills fell to 15⅞ per cent from 15⅞-16 per cent. In the interbank market overnight money opened at 15¾-16 per cent and rose initially to 16-16¼ per cent before coming back to spend most of the morning at 15½-15¾ per cent. During the afternoon rates fell away sharply with most of the shortage, forecast by the Bank of England, with the discount houses. Three-month interbank money finished at 16⅝-16¾ per cent compared with 16 15/16-17 per cent.

Day to day credit was in short supply in the money market. The Bank of England forecast a shortage of around £350m made up of eligible bank bills maturing in official hands and a net take up of Treasury bills, together totalling —£40m, and Exchequer transactions —£330m. In the morning the Bank gave assistance worth £248m, comprising £32m of Treasury bills in band 1 (up to 14 days) at 15½-15 9/16 per cent, £12m of local authority bills in band 1 at 15½-15 9/16 per cent, £95m eligible bank bills in band 1 at 15½-15½ per cent, £29m Treasury bills in band 2 (15-33 days maturity) at 15⅞-15¾ per cent, £15m of local authority bills in band 2 at 15⅞-15¾ per cent and £65m of eligible bank bills in band 2 at 15⅞-15⅞ per cent. Further assistance was given in the afternoon totalling £131m. This was by way of repurchase agreements at 15½-15½ per cent, unwinding on October 8.

Discount houses were having to pay up to 15⅞ per cent for secured call loans earlier in the day but rates fell away during the afternoon down to 8 per cent in places.

Yesterday's special tender of £300m Treasury bills was reduced to £200m and then cut further to £100m. The four-week bills had a top accepted rate of discount of 16.125 per cent compared with 15.9838 per cent at Friday's 91-day bill tender and 15.75 per cent at last week's special 22-day bill tender. Applications at 16.125 per cent were allotted as to about 94 per cent and above in full.

In New York Federal funds eased to 13¾ per cent at which point the Federal Reserve Bank entered the market and drained reserves by arranging two-day reverse repurchase agreements.

GOLD

Sharp rise

Gold rose sharply in the London bullion market yesterday, on news of the shooting and subsequent death of President Anwar Sadat of Egypt. The metal opened at $435-437, near the lowest level of the day, and was fixed at $434.95 in the morning, and $443.00 in the afternoon.

It touched a peak of $458-460 shortly after the second fixing, on the confirmation of President Sadat's death, and eased back to $449-451 at the close, a rise of $7½ on the day.

In Paris the 12½-kilo gold bar was fixed at FFr 88,500 per kilo ($490 per ounce) in the afternoon, compared with FFr 90,000 ($502.34) in the morning, and FFr 89,000 ($494.40) Monday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 31,275 per kilo ($437.01 per ounce), against DM 32,040 ($440.01), and finished at $449-451, compared with $441-$443.

In Luxembourg the 12½-kilo bar was fixed at the equivalent of $435 per ounce.

In Zurich gold closed at $452-$455, against $441-44.

GOLD

	Oct. 6		Oct. 5	
Gold Bullion (fine ounce)				
Close	$449-451	(£243½-244½)	$442-445½	(£239-239¾)
Opening	$435-437	(£233¾-234¾)	$442¼-443¼	(£241¾-242¼)
Morning fixing	$434.95	(£234.285)	$440.75	(£240.322)
Afternoon fixing	$443	(£240.369)	$441.25	(£238.578)
Gold Coins				
Krugerrand	$466-467	(£252¾-253¼)	$455-456	(£246-246½)
1/2 Krugerrand	$240-241	(£130-130¾)	$234¼-235¼	(£126¾-127¼)
1/4 Krugerrand	$122¼-123¼	(£66¼-66¾)	$119½-120½	(£64½-65)
1/10 Krugerrand	$50-51	(£27-27½)	$48¾-49¾	(£26¼-27)
Mapleleaf	$466-469	(£252¾-254¼)	$455-458	(£246-247½)
New Sovereigns	$110-111	(£59½-60¼)	$107½-108¼	(£58-58½)
King Sovereigns	$120-122	(£64¾-65¾)	$123½-125	(£66¾-67½)
Victoria Sovs	$120-122	(£64¾-65¾)	$123½-125	(£66¾-67½)
French 20s	$136-140	(£73¾-75)	$134-137	(£72½-74)
50 pesos Mexico	$559-562	(£303-304¾)	$549-552	(£296¾-298½)
100 Cor. Austria	$436-439	(£236½-238)	$429-432	(£232-233½)
$20 Eagles	$587-591	(£318¼-320½)	$587-591	(£317½-319½)

MONEY RATES

NEW YORK	
Prime rate	19-19½
Fed. funds	13½-13¾
Treasury bills (13-week)	14.02
Treasury bills (26-week)	14.17
GERMANY	
Special Lombard	12.0
Overnight rate	12.0
One month	12.15
Three months	12.30
Six months	12.30
FRANCE	
Intervention rate	17.75
Overnight rate	18.5
One month	17.625
Three months	17.375
Six months	16.375
JAPAN	
Discount rate	6.25
Call (unconditional)	7.4375
Bill discount (three-month)	7.40625

LONDON MONEY RATES

Oct. 6 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-16¼	15½-16	—	—	15½-16¼	8-16⅝	—	—	—
2 days notice	—	—	16¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16-16⅛	16⅜-16⅛	—	16⅛	16¼-16⅛	15¼-16⅛	—	—	—
One month	16 1/16-16 3/16	16 1/16-16⅜	16⅛	16¾-16⅜	16⅛	16⅝-16¾	15½-15¾	—	—	—
Two months	16½ 16⅝	16⅜ 16⅝	—	16⅞-16⅝	16⅜	16¾-16⅞	15⅝-15¾	16 1/16	16 1/16	16⅝
Three months	16⅛ 16⅜	16⅝ 16¾	16¾	16⅞-16⅜	16⅝	16⅞-17	15⅝-15¾	16-16 1/16	15⅞	16⅛
Six months	16½-16⅝	16⅝ 16¾	16¾	16¼-15¾	16⅜	—	—	15¾-15⅞	15¾-15¾	16⅝
Nine months	16⅜ 16 7/16	16 7/16-16⅝	—	16½-16¼	16⅛	—	—	—	15 7/16-15½	16⅛
One year	16 7/16-16 9/16	16 7/16-16⅝	16⅝	16¼-16	16⅝	—	—	—	—	—
Two years	—	—	16⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 16 per cent; four years 16 per cent; five years 15⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15 23/32 per cent; four-month trade bills 16 9/16 per cent.

Approximate selling rate for one-month Treasury bills 15¾-15⅞ per cent; two-months 15¾-15 25/32 per cent; three-months 15¾-15 11/16 per cent. Approximate selling rate for one-month bank bills 15 25/32-15 27/32 per cent; two-months 15 25/32-15 27/32 per cent; and three-months 15¾-15 11/16 per cent; one-month trade bills 16⅞ per cent; two-months 16 9/16 per cent; three-months 16¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association). 14½ per cent from October 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 14½ per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 15.9795 per cent.

$50m Eurobond launched for U.S. electric utility

BY ALAN FRIEDMAN

A $50m seven-year Eurodollar bond was launched yesterday for Ohio Edison NV, a subsidiary of the U.S. utility group. The issue is being lead-managed by Morgan Stanley and carries an indicated coupon of 17¾ per cent. The borrower may call the bonds back in 1987 at 101 and in the final year at par.

Some traders feel the coupon is rather high for the current market, but the parent, which is guaranteeing the bonds on a secured basis, carries a Triple B rating. The last new issue with a 17¾ per cent coupon was TransCanada Pipeline, which yesterday fell ½ point to 102½.

There was speculation yesterday about a $40m 17¼ per cent issue for Simpson Sears Acceptance Company, the Canadian group, but by last night the deal had not yet materialised.

The Eurodollar bond market opened weak yesterday, reflecting jitters about U.S. interest rates; at the start of trading prices were down ¼ point. By mid-afternoon the assassination of President Sadat of Egypt caused traders to stop briefly and reassess price levels. The Sadat news was followed by word from New York that the Fed was draining reserves from the banking system and by late afternoon yesterday the Eurodollar market was down by ½ point.

The combination of bad news did not lead to any strong reaction on the Eurodollar, D-mark and Swiss franc bond markets, but some traders reported taking "defensive" positions.

Merrill Lynch reported late yesterday that the $50m seven-year issue for Northern Indiana Public Services was being increased to $70m because of strong demand. The bonds were priced yesterday at par and carry a 17¾ per cent coupon.

Eurocurrency six-month interest rates were still falling yesterday morning and the Eurodollar rate came off 1/16 point to close at 16¾ per cent.

In the D-mark sector, the six-month rate was down ¼ point to close at 11 1/16 per cent. The foreign bond market meanwhile fell by up to ½ point yesterday.

In the Swiss franc sector prices opened ¼ to ½ point higher in the morning, but closed unchanged last night. The Swiss franc weakened slightly against the U.S. dollar.

The SwFr 100m 10-year issue for Nederlandse Gasunie was priced at 101 with an 8 per cent coupon to yield 7.85 per cent. Lead manager was Credit Suisse.

UPI takeover talks continue

NEW YORK — Talks on a possible purchase of United Press International by Reuter, the British news agency, or other organisations are continuing, but "no deals have been made," Mr Ed Estlow, president of E. W. Scripps Company, which owns UPI, said yesterday.

But based on the levels of interest shown in UPI, Scripps expects that a satisfactory conclusion will be reached, he told editors attending UPI's annual convention.

"Talks have been going on with several interested organisations who have been analysing UPI operations." He said that as well as Reuter, other groups were as interested as Reuter.

"We still feel the best ownership for UPI is by the industry, but in the past two years the industry voted against a co-operative, a limited partnership, and showed insufficient interest in a general partnership." AP

Another Eurocredit failure for Italian state railways

BY PETER MONTAGNON, EUROMARKET CORRESPONDENT

FOR THE second time this year Italian state railways, Ferrovie dello Stato, has failed to get a $500m Eurocredit off the ground.

A syndicate of banks led by National Westminster and Fuji Bank told Ferrovie that an offer to raise the money had lapsed.

National Westminster and Fuji Bank both declined to comment yesterday, but bankers said that a disagreement had developed over the establishment of a suitable lending margin over U.S. prime rate for the seven-year credit.

The banks had asked Ferrovie to pay a split ⅝-¾ per cent margin over prime rate, but the borrower held out for a flat ⅝ per cent throughout. There was no disagreement about the proposed margin over London inter-bank rates of ⅜-½.

Ferrovie's efforts to raise this credit came immediately after it had failed to raise a similar amount through Dillon Read, the U.S. investment house. Dillon Read was acting simply as an adviser to the borrower, a role that did not endear it to potential lead managers who were supposed to put up cash.

In the background, however, is a noticeable hardening of market attitudes towards Italian borrowers in general which began after the failure of Cassa per il Mezzogiorno, the development agency, to raise $2bn in the spring. That loan was eventually reduced to only $1bn.

The banks who had been negotiating this latest credit with Ferrovie are understood to have told the borrower that in view of tighter market conditions it will be difficult to revive the offer in future on the same terms.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday October 15.

Closing prices on October 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 15¾ 86	75	95⅝	95⅞	−0⅝	+0¼	16.67
CIBC 16⅝ 91	100	97⅞	98⅛	+0⅛	+0⅛	17.17
CNA 15½ 86	75	89⅝	89⅞	0	+0⅝	17.20
CNE 12⅞ 91	100	80⅝	81⅛	0	+1½	16.92
Citicorp Int. Fin. 15 86	150	95½	96	−0⅛	+0¼	16.28
Citicorp O/S 15½ 84	175	99⅝	99⅞	−0¼	+0⅛	15.57
Cities Service 17 88	150	102½	103	−0¼	+2	16.29
Con. Illinois 14⅞ 84	100	96⅝	96⅞	−0⅛	+0⅞	15.84
CPC Fin. 16⅝ 86	50	100⅞	101⅛	0	0	16.38
EEC 14⅞ 93	65	89	89½	+0⅛	+1¼	16.87
EIB 16⅝ 88	100	97⅞	98⅛	+0⅛	+0½	16.96
Elec. de France 13 88	125	85⅞	86⅛	+0⅛	+1⅞	16.75
Fed. Bus. D. 15⅝ 84 (J)	40	99	99½	0	+0⅞	15.99
Finland Rep. of 9½ 86	100	77⅛	77⅝	−0⅛	+0½	17.07
[illegible]						

	Issued	Bid	Offer	Change on day	Change on week	Yield
Tordom Cpn. 13½ 85 C$	30	†92½	93½	+0½	+1	16.11
M. Bk. Dnmk. 9 91 EUA	25	†80	81½	0	−0½	12.43
SOFTE 8⅞ 89 EUA	40	†74½	76	0	−2½	13.70
U. Bk. Nwy. 9½ 90 EUA	18	†81½	83	0	−2½	13.07
Algemene Bk. 10¼ 86 Fl	60	93⅞	94⅛	+0⅛	+1½	12.00
Amro Bank 12 86 Fl	75	100	100½	−0⅛	+1⅛	11.89
Heineken NV 10 87 Fl	100	91½	91⅞	+0⅛	+1¼	12.11
Nat. Nedrlndn. 10 88 Fl	60	93⅛	93⅞	−0⅛	+1	11.44
Ned. Midd. Bk. 10 85 Fl	75	94½	95	+0½	+1½	11.73
Pierson 10¼ 86 Fl	50	92⅞	93⅛	0	+0⅛	12.32
Rabobank 12 88 Fl	50	99¼	99⅝	0	+1⅛	12.10
Air France 14½ 86 FFr	200	90¼	91¼	−0¼	+1⅛	17.53
Bk. America 14½ 86 FFr	250	89⅝	90⅝	0	+0⅛	17.82
Charb'nages 13⅞ 85 FFr	400	88⅛	89⅛	+0⅛	+0⅛	17.89
EIB 14¾ 88 FFr	300	84⅝	85⅝	0	+0½	18.32
La Redoute 14⅛ 85 FFr	125	86⅛	87⅛	0	+0⅛	18.96
OKB 14 86 FFr	400	88½	89½	−0½	+0½	17.88
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Minolta Camera 5 96	10/81	909	76⅛	78⅛	−2½	1.89
Murata 5¼ 96	7/81	2190	78⅛	79⅛	+4	−9.94
NKK 6½ 96	7/81	188	98½	98	−1	6.93
Nippon Chemi-C. 5 91	10/81	919	69	70⅛	−1⅞	−4.56
Ricoh 6½ 95	8/80	604	121	123	−3	−2.44
Sanyo Electric 5 96	10/81	852	85⅛	86⅛	−2½	8.60
Sumitomo Metal 5¼ 96	10/81	305	81¼	82¼	+0½	−1.18
Swiss Bk. Cpn. 6¾ 90	9/80	200	66⅛	68¼	+0½	10.80
Taylor Woodrow 8¾ 90	1/81	4.94	75⅛	76⅛	−1⅞	−0.41
Transco Int. 8¾ 95	2/81	68	72½	74	−1⅛	24.33
Tricorp 8½ 95	12/80	31.25	67½	69	−0½	10.80
Union Bk. Switz. 5 89	2/80	70.79	69½	70½	0	1.57
Sharp Cpn. 6½ 88 DM	9/80	591.8	147½	148½	−4¼	−3.57
Uny Co. 6½ 85 DM	11/79	879.3	101¼	102¼	+1¼	2.52

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Playboy's shares regain some ground

By Ian Hargreaves in New York

PLAYBOY SHARES bounced back in New York yesterday as Wall Street assessed the implications of a decision on Monday by British magistrates to revoke Playboy's licence to operate two of its London casinos.

After losing $2 on Monday to close at $6 each—against a high for the year of $17—the shares were back to $6½ in early trading yesterday.

"People are beginning to ask the question of whether everything is going against Playboy and whether the worst case will really happen," said Mr Tony Hoffman, an analyst with A. G. Becker.

The worst case is that the British Crown Court will back the magistrates' opinion and that Playboy will eventually have to close down all its UK casinos—the source of two-thirds of the company's operating earnings.

In addition, a negative ruling by the Crown Court would almost certainly encourage gaming authorities in the State of New Jersey to deny Playboy an operating licence for its new Atlantic City casino, leaving the company with only its Bahamas casinos.

Mr Hoffman said Wall Street's reaction had been made worse by the lack of information available from the Chicago-based company.

For the year which ended in June, Playboy earned $14.3m on sales of $388.9m. The company has been losing money on its clubs and has been struggling to breath life back into Playboy Magazine, whose circulation and profits have fallen in the face of increased competition and higher production costs.

Over 70 per cent of Playboy stock is held by Mr Hugh Hefner, the company's founder and chairman, and his family.

VW chooses Canadian site for parts plant

By Kevin Done in Frankfurt

VOLKSWAGEN, West Germany's largest automobile group, is to build a C$102m (U.S.$85m) components plant in Ontario to supply its U.S. car assembly plant.

VW has decided to locate the plant in Canada to partially overcome Canadian import tariffs on its vehicles from the U.S. and from the Federal Republic.

The plant, to which the province of Ontario is contributing C$9.2m in regional development aid, is due to start production late 1983. From this date the Canadian Government has agreed to exempt the German car group from customs duties on its vehicle imports placing it on a similar footing to U.S. motor car groups which already have local manufacturing facilities in Canada.

VW already has one assembly plant at Westmoreland, Pennsylvania, where it is currently producing some 940 Rabbit cars per day (known as the Golf in Europe) and it is constructing a second assembly plant at Sterling Heights, Detroit, where production is due to begin in late 1983 or early 1984.

It has run into serious problems in the U.S. as a result of the recession in the domestic car market. It ran heavily into losses last year and recently had to cut back production and reduce its workforce at Westmoreland.

By the time the new U.S. and Canadian plants are ready to begin production, however, VW should have launched the successor to its present Golf range—the new model is due in the next 12-18 months—which should help to boost sales.

The Canadian plant is to be built at Barrie, about 60 miles north of Toronto. It will employ a workforce of around 500 making front assemblies—front axles and engine components—for the U.S. plants along with a wide range of other parts.

Cavenham lifts Diamond stake

By Our Financial Staff

CAVENHAM DEVELOPMENT, a unit of Cavenham Holdings, has purchased a total of 1.5m additional shares of Diamond International common stock in private transactions. This brings Cavenham's stake to around 40 per cent.

Cavenham is part of Sir James Goldsmith's empire.

The stock was purchased from Diamond shareholders who were formerly holders of Brooks Scanlon acquired by Diamond International a year ago.

About 62 per cent of the $42 a share purchase price was paid in cash, Cavenham said. The rest was paid with two-year secured notes with 9 per cent interest.

$2.5bn OFFER FOR SANTA FE INTERNATIONAL

Kuwait bid stirs Washington

BY PAUL BETTS IN NEW YORK

SANTA FE INTERNATIONAL said yesterday it expects the takeover bid by Kuwait Petroleum Corporation, the Kuwaiti Government oil company, to go ahead despite mounting concern on Capitol Hill. At $2.5bn the deal is the largest investment by an Arab oil producing country in the U.S.

Santa Fe acknowledged yesterday that there would "obviously be some concern." But it added: "Our understanding is that approval for the deal is not required by any agency of the Federal Government."

The takeover of the U.S. company is now to be investigated by the U.S. Justice Department, the Federal Trade Commission, the U.S. Treasury and a House of Representatives commerce subcommittee which has been conducting hearings on investments in the U.S. by members of the Organisation of Petroleum Exporting Countries.

Mr Benjamin Rosenthal, the chairman of the House subcommittee, has already indicated he plans to ask the U.S. Treasury to ask Kuwait "to hold off any further action pending a U.S. Government investigation."

But apart from the general concern among some Washington lobbies of the possible dangers of the huge Kuwaiti investment to U.S. national interests, the Justice Department is unlikely to raise any objections to the deal.

The deal comes at a time when Kuwait and other oil producing countries of the Middle East have been seeking to expand their interests in the U.S. energy sector. The Santa Fe deal, indeed, will make Kuwait Petroleum Corporation a much more integrated oil company which will clearly be competing more and more with the major integrated groups in the international oil and gas industry.

Santa Fe, with revenues of $1.2bn last year and profits of $80.9m is active in both domestic and international drilling. Last year it also acquired C. F. Braun, a large engineering and construction concern.

The Kuwait Government plans to make the largest U.S. investment by an Arab oil producing country with the $2.5bn takeover bid from the Government-owned Kuwait Petroleum Corporation for Santa Fe International, a Californian drilling and construction contractor which has a stake in the North Sea.

Santa Fe, with 1980 revenues of $1.2bn has been considered a likely takeover candidate because of its depressed stock price and strong earnings prospects. It said last night it had signed a definitive merger agreement with Kuwait Petroleum.

Under the terms of the merger, Santa Fe shareholders will receive $51 in cash for each of the 49m Santa Fe common shares. Santa Fe shares closed at $24.75 last Thursday, the the last day they traded before the bid was announced.

The U.S. company's board has unanimously approved the merger and its investment bankers, First Boston Corporation, regarded the transaction as fair to the shareholders.

Santa Fe has granted the Kuwaiti company an option to buy newly issued shares equal to 15 per cent of Santa Fe's outstanding shares at the bid price, while Kuwait Petroleum has also reserved the right to acquire Santa Fe shares on the open market. Santa Fe is to hold a shareholders meeting on December 77 to consider the bid.

Contract drilling now accounts for roughly 30 per cent of total revenues, although the contribution to 1980 net profits was closer to 40 per cent. The $300m Braun acquisition pushed it into engineering and construction, which now provides about 50 per cent of revenues. The remainder of sales comes from its oil and gas exploration and production, with the bulk of this from its 16.29 per cent interest in the Thistle field in the UK sector of the North Sea.

Santa Fe owns more than 40 land rigs and almost 20 offshore rigs outright and has partnerships in or operates for others further offshore and onshore rigs, and through its drilling activities has had a long association with Kuwait.

Also, since 1964 it has held a 49 per cent interest in the Kuwait Drilling Company which is controlled by the Government and currently, Santa Fe is a part owner and operator of five drilling rigs in Kuwait.

Santa Fe said yesterday that the Kuwait Government viewed the deal as "an investment" but it also plans to expand Santa Fe's operations by injecting additional funds. The Kuwait Petroleum Corporation will also seek to accelerate Santa Fe's current five-year expansion programme.

Kuwait first approached Santa Fe in August when it put out initial feelers to see if Santa Fe was willing to sell Kuwait a minority interest in the company. When Santa Fe said it had no interest in selling a minority stake in the company, Kuwait came back with a proposal to acquire the whole company.

The deal is not the first major investment in the U.S. by Kuwait, but it is undoubtedly the most ambitious and by far the largest U.S. investment made by any Middle East oil producing country. It also is the most dramatic example of the increasing interest of Arab countries in investing in the U.S. especially in the oil and gas industry.

Kuwait for some time had been known to be looking for a major investment in a U.S. energy related industry. Another Kuwaiti Government owned company, the London-based Kuwait Investment Organisation failed last year to buy a 14.6 per cent stake in Getty Oil in a deal worth nearly $1bn.

But in the last six months, Kuwait has invested in a number of U.S. energy related ventures both in exploration and refining. One involved a $370m joint venture with Pacific Resources of Hawaii centred on refining and distribution and a $100m initial investment in a joint venture with AZL Resources to explore for energy and minerals in the U.S.

Arab investors, including some from Kuwait, have also been reported to have bought a number of small independent refineries in Texas in a move which some oil industry analysts view as a start by Arab producers to obtain refinery capacity closer to Western markets.

At the same time, Kuwait was reported this year to have amassed widespread blocks of U.S. equities worth more than $7bn and according to the U.S. securities industry association, seven Arab oil producing countries, including Kuwait, bought last year $5.3bn of U.S. equities, up from $3.4bn the year before.

Du Pont and Seagram reach agreement

BY PAUL BETTS IN NEW YORK

THE FINAL, and perhaps most delicate, unresolved issue in the record $7.6bn takeover of Conoco by Du Pont was settled yesterday with a long-term agreement on the future relationship between Du Pont and Seagram.

Although Du Pont emerged the winner in the three-way takeover fight for Conoco, the ninth largest U.S. oil company, Seagram ended with almost 28m Conoco shares. Seagram subsequently converted these Conoco shares into Du Pont stock under the terms of Du Pont's merger with Conoco, which involved an exchange of 1.7 Du Pont shares for each Conoco share. The third bidder for Conoco, Mobil, dropped out of the race and tendered its Conoco shares to Seagram after Du Pont had received more than half of Conoco's outstanding stock.

By converting its Conoco shares into Du Pont stock, Seagram gained 20 per cent of the expanded chemicals and energy company.

The agreement between the Canadian distiller and Du Pont reflects Seagram's intention to keep its Du Pont stock.

Under the terms of the agreement between the two companies, Seagram will be able to acquire additional Du Pont shares up to a 25 per cent level. At the same time, Du Pont will have the right on Seagram's Du Pont shares.

The companies also agreed that each would be represented on the other's board. Mr Edgar Bronfman, chairman of Seagram, and his brother Mr Charles Bronfman, will both join the Du Pont board. Mr Edward Jefferson, Du Pont's chairman and Mr Irving Shapiro, Du Pont's former chairman and currently head of the chemical company's finance committee—which Mr Edgar Bronfman is to join—will become Seagram directors.

This will create a formidable new industrial axis linking one of Canada's major companies with Du Pont, which has become the seventh largest corporation in the U.S.

The agreement is for 10 years and will automatically be extended for an additional five years unless Seagram gives notice on or before the end of the sixth year of an intention to terminate the agreement.

A major borrower is trying new financing techniques. **Peter Montagnon** reports

World Bank widens its funding horizons

A FLICKER of irritation passes across the face of Mr Eugene Rotberg, Treasurer of the World Bank, as he is asked whether the Bank has saturated the Swiss capital market with too many bond issues.

"It would be dangerous and absurd for us to rely on one source or one currency or one technique whether our borrowing programme was $8bn or $1bn," he says. "You develop diverse sources so that you never have to saturate the market.

"It's foolish to say that I am only going to do public bond issues in Switzerland. You have to have diversified techniques to use all the resources available."

Yet implicit in his words is the realisation that the Bank's heavy borrowing programme means it has to look actively for new sources of funds.

The programme has jumped to $8bn in the current fiscal year which ends on June 30, 1982, from only $5.07bn in the previous period. The rate of increase is far in excess of the likely expansion of overall borrowing activity through quoted issues in its favourite capital markets in Switzerland, West Germany, and Japan.

As a result, says Mr Rotberg, the proportion of public issues by the World Bank in these markets is expected to decline relative to the proportion of private placements. But apart from this rather small change in technique, the bank seems to have entered on a new era of aggressive innovation

Last summer it introduced a new concept to the bond markets in the form of an exchange with International Business Machines of dollar-denominated debt for debt denominated in Swiss francs. Now, says Mr Rotberg, the bank is considering raising floating rate debt for the first time.

In the case of floating rate finance, the logic is simple. Borrownig dollars at today's high levels means being locked into a high coupon for years ahead. If interest rates fall, as Mr Rotberg expects they will, a floating rate transaction would generate savings

The justification for swapping debt into Swiss francs is a little more complex, but basically it rests on the growing belief in the market place that the Swiss franc will rise

Unlike many other borrowers in the international capital markets, the World Bank is not frightened of the idea of borrowing an appreciating currency so long as the interest rate is low enough to offset the cost of borrowing elsewhere.

It passes on the direct exchange risk to its customers —who have made considerable savings from this in recent years—and does not therefore face losses as a result of having to repay currencies that have gained in value. Other entities do face such losses, and have a natural desire to swap their Swiss franc obligations—be they in the form of bonds raised in the Swiss market, or trade and banking commitments—into dollar obliations incurred by the World Bank.

If these obligations extend over a period of years—say in the form of payments for a tanker ordered now from a Japanese shipyard with payment on delivery in five years' time—they are hard to hedge in the forward foreign exchange market which deals mostly on a short term basis.

The World Bank offers a rare opportunity for swapping these obligations with dollar debt, which it can raise easily since it has borrowed relatively little in that currency over the past five years or so. The interest costs can thus be hedged completely. Moreover, the World Bank is able to match the counterparty's cash-flow exactly.

So far the bank has only carried out two bond issues involving currency swaps and its executive board still has to give the green light to floating rate borrowings. Yet if operations of this sort became commonplace, the nature of the bank's treasury operations would change radically.

It would become involved in new forms of cash management and foreign exchange techniques that would make its operations more like those of commercial banks, a factor that might help it mesh in its activities with those of other banks as co-financing activities are developed.

More important from a borrowing point of view, it would gain a new flexibility which is particularly useful at a time when fixed rate bonds markets are so unpredictable. As Mr Rotberg says: "If we do one bond issue in the Swiss market, it's because we like the rate. We may still like the rate immediately afterwards, but then we have to go to the back of the queue."

The World Bank can, however, arrange an issue in dollars, swap it into Swiss francs and lock into the good rate still prevailing on the Swiss market.

WORLD BANK BORROWING IN INTERNATIONAL CAPITAL MARKETS*

	1977	1978	1979	1980	1981
Gross borrowings ($bn)	4.7	3.6	5.1	5.2	5.1
Average principal outstanding ($bn)	16.8	20.9	25.6	27.6	28.8
Average cost of outstanding borrowings (%)	7.53	7.45	7.21	7.28	7.41

* Figures for fiscal years ending June 30.

Mr Eugene Rotberg

Paribas ahead at halfway stage

BY TERRY DODSWORTH IN PARIS

GROUP PROFITS at Paribas, the French banking and industrial group now in the process of being nationalised, amounted to FFr 706.6m ($128m) during the first half of this year. This compares with consolidated profits of FFr 598.1m for the same period of last year.

Within these results, the profits of Compagnie Financiere de Paris et des Pays-Bas, the Paribas holding concern, amounted to FFr 371.7m, against FFr 329.8m in the same period of 1980.

Paribas indicates that on the basis of these figures it should easily exceed its profit levels of last year, when the consolidated group figure came to FFr 1.3bn and the Compagnie Financiere's to FFr 730m.

In line with previous policy, Paribas proposes to distribute an increased preliminary dividend of FFr 9 net per share against FFr 7 last year.

While not commenting on the Government's nationalisation plans, Paribas made a point yesterday of underlining its calculation of its underlying asset value per share, which amounted to FFr 608 against FFr 586 a year ago. According to calculations based on the government formula for compensating shareholders who will be bought out under the nationalisation plan, payment will amount to around FFr 219 a share.

The group also estimated that its asset value amounted to FFr 16bn, while that of Compagnie Financiere had risen to FFr 10bn against FFr 9.6bn last year.

Paribas has emerged in the last few weeks as one of the main standard bearers of the anti-nationalisation movement, alongside Credit Commercial de France.

Under present plans, the group would be broken up by the floating off of many of its industrial interests to the private sector. But M. Pierre Moussa, the chairman has recently proposed a compromise solution which would mean complete nationalisation for the banking activities in France, with the bank maintaining shareholdings of around 20 per cent in its main industrial and overseas banking satellites.

First-half loss halved at RSV

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH shipbuilding group, Rijn-Schelde-Verolme, has halved its loss for the first half of 1981, but expects to remain in the red overall this year.

The company faces major problems on a number of turnkey projects in Algeria, and it yesterday it announced plans to restructure Thomassen Holland, the subsidiary involved in the Algerian contracts.

The plan is for Thomassen to break even next year, after an expected loss, excluding the Algerian, of Fl 21m in 1981, against a loss of Fl 27.7m in 1979.

For the first 32 weeks of 1981 the RSV group sustained a loss after tax of Fl 11.2m ($4.5m), compared with a loss of Fl 23.5m in the same 1980 period. Despite the setback in Algeria, it does not expect its loss this year to be greater than the Fl 28.7m group deficit for 1980.

Discussions with the Algerian authorities have not yet been completed, although RSV has made additional provisions of Fl 60m in the first half to meet expected cost over-runs.

Elsewhere four of RSV's seven operating divisions—Verolme Botlek (ship repairs), WF-RDM (shipbuilding, offshore and turbines), KSM (engineering) and the Verolme Brazilie Shipyard—improved their results in the first half.

RSV's coal mining activities are expected to start making a contribution to profits in the second half of this year.

Its order book was worth Fl 8.1bn ($3.3bn), excluding repair work, at the end of September compared with Fl 6.4bn at the end of 1980. With the exception of Algeria, these are expected to be "profitable and secure contracts." Dutch subsidiaries accounted for Fl 7.1bn worth of the order book and the Brazilian yard for Fl 1bn.

RSV's liquidity position is described as good.

Portugal launches its first investment bank company

BY DIANA SMITH IN LISBON

AFTER four years of grappling with incomplete or contradictory legislation, Portugal's first investment companies are getting off the ground.

Sociedade Portuguesa de Investimento (SPI) was launched yesterday with a capital of Es 1bn ($15m) subscribed by 107 Portuguese companies, including the International Finance Corporation which has a 7.5 per cent stake. SPI hopes eventually to attract foreign partners.

In a parallel move Banque Nationale de Paris (BNP) and Portugal's national development bank, Banco de Fomento Nacional (BFN), have also formed an investment company. It will have a capital of Es 400m ($6m) of which the Portuguese bank will hold 55 per cent.

The new companies represent the first departures from the state-owned banking system since this was placed off limits to private Portuguese or foreign banking capital in 1977. Only this summer did the legal and tax frameworks for investment societies finally take shape.

SPI will be a mixture of private development bank, empowered to take shares in worthy enterprises, or to exercise financing operations.

The BNP-BFN investment company, now awaiting Bank of Portugal authorisation, will draw on the combined networks of the BFN in Portugal and the BNP abroad to arrange backers for Portuguese concerns. The former Portuguese African colonies, Angola and Mozambique, are expected to provide plenty of opportunities

If the investment companies can operate with the dynamism their founders hope for, they will provide a badly-needed stimulus to Portugal's preparations for EEC membership in 1984.

Krupp Stahl seeks state aid

By Roger Boyes in Bonn

KRUPP STAHL, the West German steel producer, has applied to the State government of North Rhine Westphalia for a credit guarantee of DM 260m ($117m) to help finance its investment programme.

The move reflects the growing unease among German steel companies who are now looking increasingly to the state to help them through the crisis after years of commitment to free market principles.

The company stresses that its application to the state government is intended as a step towards financing its DM 500m investment programme.

The German steel crisis has become multi-layered and is now beginning to spill over to the mechanical engineering companies. German steel companies are demanding price rises of about DM 190 per tonne of rolled steel if they are to stem losses and keep investment programmes on schedule.

The Federation of Mechanical Engineering Companies warned yesterday that the steel price hikes, added to last weekend's revaluation of the D-mark within the EMS, will hit exports extremely hard.

In an attempt to postpone this problem and retain longstanding customers, steel producers have delayed a first round of price increases from October to November and have decided to stagger price rises due in January.

German acquisition by Sibra

SIBRA, the leading Swiss brewer and soft drinks group, has acquired control of the German soft-drinks company, Sinalco, writes **John Wicks** in Zurich.

The acquisition was made at an undisclosed price from Dortmunder Hansa-Brauerei, which is an affiliate of the Oetker Group.

Sinalco has a capital of DM 5.1m ($2.2m) and its annual sales are about DM 50m ($21.5m). Earnings of about DM 500,000 are expected for 1981. In the year ended September 1980, the Fribourg-based Sibra booked sales of SwFr 253m ($131m).

Norway rejects plan for credit groups

BY FAY GJESTER IN OSLO

THREE NORWEGIAN financial groups seeking to establish new credit companies have had their applications turned down by the outgoing Labour Government.

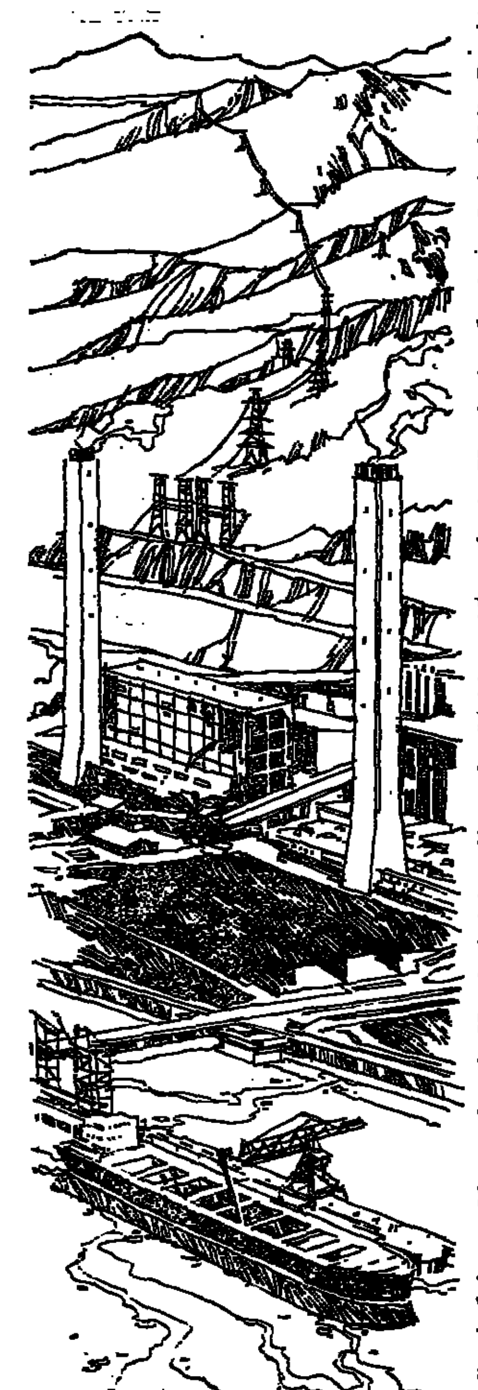
The three companies would have raised money on the Norwegian bond market and re-lent it inside Norway. One, backed by all of Norway's life insurance companies, plus a leading commercial bank, Christiana Bank og Kreditkasse, would have specialised in loans to small and medium-sized companies which are unable to borrow directly on the bond market.

Another, backed by all of Norway's savings banks would have provided private housing loans, while the third would have lent money to urban renewal schemes.

The Finance Ministry objected to the projects on the grounds that the ownership strucure was "unsound," because the proposed companies would be owned by credit institutions which under Norwegian law have an obligation to invest part of their assets on the bond market.

Creation of the new companies would make their owners both sellers and buyers of bonds and the Finance Ministry regarded this as financially unhealthy. It also believed that existing credit institutions were adequate to meet market needs.

Mr Sverre W. Rostoft, Christiania Bank's deputy managing director, said that market forces should have been allowed to decide whether the new companies could meet a real need.



Hartogen, Weeks revealed as Cluff Australia buyers

BY GRAEME JOHNSON IN SYDNEY

TWO COMPANIES at the fore-front of Australian oil and gas exploration yesterday revealed themselves as the buyers of big share and option parcels traded in the past week in Cluff Oil Australia.

Cluff Oil of the UK owns 10 per cent of Cluff Oil Australia and has share options which would take its holding to some 17 per cent if all options in the company's shares were exercised.

Hartogen Energy said that it had bought 10.75m shares in Cluff, representing 19.99 per cent of the company's issued capital, while Weeks Australia, the subsidiary of Weeks Petroleum, the Bermuda-registered, U.S.-run oil exploration concern, said that it had picked up 8.05m shares, or 14.98 per cent.

The announcements from both companies capped a week of intense activity in Cluff shares. Roughly 8 per cent of Cluff's ordinary share capital changed hands in Sydney on Thursday and Friday, while almost 5 per cent of its options were traded, most of them on the Melbourne exchange.

But the activity intensified yesterday on both the Sydney and Melbourne exchanges with Ord Minnett, the Sydney broker, handling three large sales totalling 3.5m ordinary Cluff shares at 71 cents, a high for the stock. It was also the main buyer of the 630,000 Cluff options traded in Sydney.

In Melbourne, the stock-broker, McIntosh, Griffin, Hamson continued to dominate the Cluff market, dealing heavily in options, while another broker, A. C. Goode, was also heavily involved in options.

Hartogen was buying through the Melbourne broker, McIntosh Griffin Hamson and Company while A. C. Goode accumulated the Week's stake. It is not yet known for whom Ord Minnett is acting. Directors of Hartogen and of Weeks said last night that they would not, for the moment, continue to purchase shares, and so run past the takeover trigger point of 20 per cent of issued capital, at which a full offer would be required.

At the latest price for Cluff Australia shares, of 68 cents the company has a market capitalisation of some A$34m (U.S.$39m).

Cluff interests include exploration licences in the Bass Strait, which lies between Victoria and Tasmania, and is Australia's largest single source of energy.

Hartogen has said that it proposes to increase its stake no further. Weeks said it had bought into Cluff for investment reasons, arising from the company's excellent acreage.

Hartogen and Weeks had both tendered unsuccessfully for certain Bass Strait leases, relinquished by Esso and BHP, and the key attraction in Cluff is in the Bass Strait oil hunt.

Cluff won a 12.5 per cent interest in the sought-after area V80-1, adjacent to some of the key producing Bass Strait fields. Others with interests in the permit are Australian Aquitaine Petroleum Pty (25 per cent), Australian Occidental Petroleum (25 per cent) and Alliance Resources Pty (25 per cent).

Alliance Resources is a subsidiary of Alliance Oil Development, which is 21.3 per cent owned by Weeks Australia and its purchases in Cluff give the recently floated Australian explorer a double, although indirect, interest in the Bass Strait.

Weeks Australia is 51.28 per cent owned by the Weeks Petroleum and would have to gain Foreign Investment Review Board approval before further lifting its holding.

It would be surprising if Weeks were to gain FIRB approval to lift its stake in Cluff, given the Australian Government's present approach to at least 50 per cent local equity in resource projects.

Overseas sales lift Komatsu in first half

By Yoko Shibata in Tokyo

KOMATSU AND its 24 consolidated subsidiaries reported record net profits and turnover for the six months ended June 30, helped by buoyant sales of construction machinery in overseas markets. Consolidated net earnings were Y14.83bn ($65m), up 10.5 per cent. on sales of Y333.5bn, up 5.8 per cent over the same period of the previous year. Profits per share were Y19.87, compared with Y18.48.

Domestic sales of construction machinery were hit by a reduction in public expenditure and sluggishness in the housing construction industry. However, this was offset by strong sales of bulldozers, wheel loaders, and large sized dump trucks in South East Asia, the Middle East, and Africa. Overall, sales of construction machinery rose by 5.9 per cent to Y268.04bn to account for 80.4 per cent of total turnover.

The company sees further growth in group profits in the second half of the year, on the strength of brisk overseas sales, which are expected to continue to compensate for the sluggish domestic market.

With the backdrop of a favourable sales outlook overall, the company has upgraded its full year capital investment budget by Y5bn to Y35bn on a non-consolidated basis. Full year parent company sales and net profits forecasts are also revised upward to Y556bn (a rise of 10 per cent over 1980) and Y26bn (a rise of 15 per cent), respectively.

Growth seen in Japanese capital outlays

TOKYO — Japanese corporate capital investment in plant and equipment is expected to rise by 11.3 per cent in the year to April 1983, after an estimated 11.6 per cent rise this year, Nippon Credit Bank said.

The Japanese long-term credit bank said this would be the fifth consecutive double figure increase.

Although the rate of increase would be below the 21.6 per cent rise of 1980-81, the continuing high growth rate would be supported by active investment, particularly in the electric power and steel making industries.

A survey by the bank covered 945 companies with capital of over Y100m, including 450 concerns capitalised at Y1bn and over.

Reuter

Solel Boneh profit rise beats inflation

BY L. DANIEL IN TEL AVIV

SOLEL BONEH, Israel's largest construction company which is controlled by the country's Labour Federation, reports that net profits rose to Sh 304m ($24m) in the first half of 1981. This represents an advance of 110 per cent on the first six months of 1980, compared with a 121 per cent gain in the consumer price index in the year to June.

Turnover, however, rose in real terms, as did profits in relation to turnover, compared with the parallel period and in relation to 1980 as a whole, helped by a reduction in administrative and financing expenses.

Profit, nevertheless, was lower than expected on the company's operations abroad because of the decline in the value of the currencies of several countries in which Solel Boneh is engaged in.

Turnover rose by 131 per cent to Sh 4.53bn ($337m) and the gross profit return to 20 per cent, from 17.9 per cent in the first half of 1980, and 18.1 per cent for 1980 as a whole.

● The Egyptian Government has given Solel Boneh permission to open a branch in Cairo. The company has already signed several contracts for projects in Egypt. Its overseas subsidiary currently operates in 14 countries and work being carried out outside Israel this year is valued at some $550m.

Citicorp plans yen travellers cheques

By Richard C. Hanson in Tokyo

CITICORP and three major Japanese banks have agreed to co-operate on issuing yen-denominated travellers checks worldwide.

The Mitsubishi, Sanwa, and Tokai banks will issue travellers cheques, designed and processed by Citicorp Services Company. Citicorp's Tokyo subsidiary, Citibank will also issue the yen travellers cheques, which will compete with four other types of yen travellers cheques issued in Japan.

هكذا من الأصل

WORLD STOCK MARKETS

Dow off slightly at 1pm

Stocks remained slightly lower in moderate trading on Wall Street at mid-session in reaction to news that Mr Anwar Sadat, Egypt's President, had been assassinated.

The market recovered from its lowest levels, but the Dow Jones Industrial Average was still off 0.95 at 858.92 at 1.00 pm. Declines led advances seven-to-five on volume of 23m shares (38.5m). The NYSE All Common Index was up 0.11 at $69.11.

Analysts said the market's reaction to the news was muted. However, they noted the fresh concerns raised about political situation in the Middle East now that Sadat is dead.

In response to that uncertainty, many oil stocks rose strongly. Among the actives, Atlantic Richfield gained $2½ to $45⅞, Superior Oil $1½ to $35⅞, Union Oil of California $1¼ to $37 and Standard Oil of Ohio $2⅞ to $43⅞.

Getty Oil climbed four to $64½ and Phillips Petroleum ¾ to $42¼, also in active trading.

Filmways added $1 to $4⅞. It said it received inquiries about the possible sale of assets or a merger.

Avnet was up $¾ to $46½. It expects a substantial gain from the sale of its Carol Wire and Cable business.

THE AMERICAN SE Market Value index was slightly higher in quiet trading at midday up 0.78 at 308.68 on volume of 2.3m shares (3.8m).

Oil issues dominated trading, with Gulf Canada up $¾ to $17⅞, Houston Oil Trust ahead $1 to $21⅞ and Felmont Oil up $1½ to $22¼.

Among other actives, AZL Resources gained $2 to $24⅞ and Wang Laboratories lost $⅝ to $30⅞.

Canada

Stock prices fell at mid-session following the assassination of Egyptian President Anwar Sadat.

The Toronto composite index was off 4.8 to 1,940.0 at midday. Volume was a light 1.81m shares, 185 issues declined, while 122 advanced.

Three of the 14 indices rose, led by Golds up 170.3 to 3,676. Real Estate and Construction fell 41.2 to 6,134.0.

Among the actives, Dome Petroleum was unchanged at C$14⅞ and Gulf Canada was up C$½ to C$20⅞.

Among active mining issues, Campbell Red Lake Mines rose C$1⅞ to C$21, Falconbridge Copper C$1 to C$11⅞, and Dome Mines C$1⅞ to C$25.

Australia

In Sydney the market resumed its downward drift after early buying spurred by a decline in U.S. prime rates and more encouraging news from the oil sector gave way to a wave of late profit-taking.

The Sydney All Ordinaries index, up more than four points in early trading, finished the day 4.6 down at 577.5.

News that Delhi Oil's Strzelecki No. 5 well had flowed oil at the rate of 2,860 barrels a day did little for partner Santos, which finished at A$9.86, while CSR, which has agreed to buy Delhi's Australian assets, dropped 10 cents to A$4.55.

BHP fell to A$14.40 from Monday's close of A$14.70 in Melbourne. Elsewhere, CRA was unchanged at A$3.35, MIM eased 5 cents to A$3.85, Peko was 4 cents off at A$6.30, WMC lost 8 cents to A$4.60, the Bank of NSW shed 3 cents to A$2.98 and the ANZ Bank 5 to A$5.00. Cluff Oil, which fell 7 cents to 63 cents, continued to top the turnover lists as unidentified buyers picked up a total of 4.5m shares and 1.8m options in Sydney and Melbourne.

Tokyo

Share prices closed mixed over a broad front with a wait-and-see sentiment prevailing in line with overnight uncertainty on Wall Street.

The market average added 6.26 to 7,506.01 in quiet trading on volume of 380m shares. The Tokyo Stock Exchange Index shed 0.38 to 551.64. Many Blue Chips eased on light selling with investors concerned over high levels of margin buying.

Light Electricals, Heavy Electric Machines, Shipbuilders and Precisions were sold, but Steels, Oils and Nonferrous Metals firmed on selective buying.

Hitachi lost Y12 to Y693, Matsushita Elec Y40 to Y1,330, Sony Y70 to Y4,020, TDK Electronics Y120 to Y3,850, Mitsubishi Heavy Ind Y6 to Y267, Nippon Elec Y9 to Y666, Fuji Photo Y20 to Y1,330 and Toyota Motor Y20 to Y1,090.

Nippon Steel gained Y2 to Y197, Mitsubishi Metal Corpn Y33 to Y265, Sumitomo Metal Mining Y19 to Y500, Nippon Oil Y30 to Y1,240 and Mitsui and Co. Y10 to Y734.

Constructions, Fisheries and Synthetic Fibres were also higher. The second market closed firmer.

Singapore

The stock market closed higher on buying interest in moderate, selective trading. The Straits Times Industrial Index rose 2.77 to 624.48.

Central Sugars led the uptrend with a sharp rise of S$2.05 to S$11.70 followed by Hong Leong Industries which firmed 65 cents to S$9.00 and Malayan United Industries next with a 45 cents gain to S$10.00.

Elsewhere Ganda Holdings, Genting, Haw Par, Pegi Malaysia, Straits Trading, United Motor Works, Public Bank, DBS, OCBC and UOB hardened.

Germany

Share prices weakened during the session as foreign investors held back and domestic operators took profits after Monday's sharp gains.

In weaker Chemicals, Bayer fell DM 4.10 to DM 121.70 amid threats of an Arab boycott, while Basf was off DM 2.50 at DM 138.80 and Hoechst shed DM 1.10 to DM 124.90.

Engineering Shares were also broadly lower, with MAN off DM 5 at DM 202 and GHH off DM 3 at DM 213.

Banks eased but investors were still encouraged by the Bond market's strength. Deutsche was off DM 1.50 at DM 272 and Dresdner shed DM 0.20 to DM 130.30, while Commerzbank fell DM 2.50 to DM 126.

In Motors, VW was off DM 2 at DM 131, Daimler off DM 4 at DM 339 and BMW down DM 7 at DM 180. In Stores, Karstadt shed DM 3 to DM 207 and Kaufhof DM 3 to DM 159.

The Domestic Bond market sustained this week's rally, with Public Authority issues gaining as much as 0.50, though some profit-taking was reported in late trading.

Average yields continued to fall, with 10-year Paper down to 9.95 to 10.05 per cent after holding around 10.50 at the end of last week.

The mood on the Mark Eurobond market remained positive though some profit-taking brought prices down by around ½ per cent.

Johannesburg

Gold shares moved off their lower levels as the bullion price recovered partly but closed mixed to easier in moderate trading.

Randfontein fell 200 cents to 7,200 cents and Driefontein 100 to 3,825, while Buffels and Libanon rose 50 each to 5,550 and 2,850 respectively. Financials were mixed and in Diamonds De Beers eased five to 585.

In firmer Platinums, Rustenburg rose five to 820 after Monday's annual results. Industrials closed mixed to firmer.

Paris

Stock prices were marked down across a broad front in relatively light volume at the Bourse yesterday.

Closing prices for North America were not available for this edition.

Indices

NEW YORK —DOW JONES

	Oct. 5	Oct. 2	Oct. 1	Sept. 30	Sept. 29	Sept. 28	1981 High	1981 Low	Since Cm'pil't. High	Since Cm'pil't. Low
♦Industr'ls	859.87	860.73	852.26	849.98	847.89	842.56	1024.05 (27/4)	824.01 (25/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	53.70	55.42	54.99	55.68	55.71	56.47	65.78 (15/1)	54.89 (1/10)	—	—
Transport.	368.56	365.44	365.54	350.03	351.02	344.71	447.38 (16/4)	335.48 (25/9)	447.38 (16/4/81)	12.25 (8/7/32)
Utilities	105.04	102.81	101.58	102.21	101.62	101.28	117.81 (6/1)	101.28 (28/9)	165.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000-†	—	54,640	41,900	40,700	49,800	61,320	—	—	—	—

♦Day's high 873.95 low 854.83.

Ind. div. yield %	Oct. 2	Sept. 25	Sept. 18	Year ago (approx)
	6.34	6.68	6.58	5.66

STANDARD AND POORS

	Oct. 5	Oct. 2	Oct. 1	Sept. 30	Sept. 29	Sept. 28	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	135.86	153.27	151.17	150.04	128.73	128.35	157.02 (6/1)	128.49 (24/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	118.51	119.58	117.08	116.18	115.94	115.53	138.12 (6/1)	115.01 (24/9)	140.52 (28/11/80)	4.40 (1/6/32)

	Sept. 30	Sept. 23	Sept. 16	Year ago (approx)
Ind. div. yield %	5.50	5.52	5.36	4.58
Ind. P/E Ratio	7.94	7.90	8.15	8.82
Long Gov. Bond yield	15.08	14.30	14.13	11.79

NY. S.E. ALL COMMON

Oct. 5	Oct. 2	Oct. 1	Sept. 30	1981 High	1981 Low
69.00	68.86	67.60	67.00	79.14 (6/1)	64.96 (25/9)

Rises and Falls

	Oct. 5	Oct. 2	Oct. 1
Issues Traded	1,905	1,866	1,872
Rises	1,029	1,272	832
Falls	531	304	622
Unchanged	376	290	418
New Highs	13	3	2
New Lows	35	31	54

MONTREAL

	Oct. 5	Oct. 2	Oct. 1	Sept. 30	1981 High	1981 Low
Industrials	330.49	330.93	324.90	318.09	408.68 (27/6)	310.21 (25/9)
Combined	310.93	310.68	305.39	300.74	375.28 (15/8)	293.97 (25/9)
TORONTO Composite	1944.81	1956.7	1902.2	1863.4	2478.8 (10/4)	1812.48 (25/9)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Strage Tec	742,700	33¼	−⅞
ATT	687,200	59	−⅛
Exxon	608,300	30¾	−⅛
IBM	564,200	55⅛	+⅛
Duke Pwr	519,500	20¼	—
Tandy	504,400	30¼	−⅛
Sony	415,900	17⅞	+⅞
St Oil Cal	412,400	41⅞	+⅞
Citicorp	411,400	24⅞	—
St Oil Ind	411,200	55⅛	−⅛

	Oct. 6	Oct. 5	Oct. 2	Oct. 1	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	577.45	(c)	574.8	570.8	737.5 (6/4)	568.5 (28/9)
Metal & Minrls (1/1/80)	472.9	(c)	470.7	468.1	765.2 (7/1)	455.0 (28/9)
AUSTRIA						
Credit Aktien (2/1/62)	54.42	54.34	54.34	54.47	66.43 (5/1)	54.0 (21/8)
BELGIUM						
Belgian SE (31/12/63)	71.58	71.86	71.95	71.52	86.15 (17/2)	69.63 (16/6)
DENMARK						
Copenhagen SE (1/1/73)	111.46	111.15	111.22	111.46	119.00 (25/6)	86.98 (2/1)
FRANCE						
CAC General (28/12/61)	91.50	92.4	91.8	92.0	112.5 (17/3)	77.5 (15/6)
Ind Tendance (31/12/80)	98.30	99.8	99.4	99.0	108.5 (10/3)	79.2 (12/6)
GERMANY						
FAZ-Aktien (31/12/58)	227.16	228.25	224.37	220.65	246.47 (5/7)	215.88 (9/2)
Commerzbank (Dec 1953)	696.30	698.8	689.1	675.5	749.0 (5/7)	666.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	85.9	84.8	84.5	82.6	96.8 (20/8)	78.5 (26/9)
ANP-CBS Indust (1970)	65.90	66.1	65.7	64.5	76.4 (22/6)	62.0 (28/9)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	1115.77	1233.26	1268.16	1810.20 (17/7)	1115.77 (5/10)
ITALY						
Banca Comm Ital (1972)	195.14	196.07	197.28	193.28	292.95 (5/6)	166.44 (24/7)
JAPAN**						
Dow Average (16/5/49)	7506.01	7499.75	7377.13	7365.91	8019.14 (17/8)	6956.52 (15/3)
Tokyo New SE (4/1/68)	551.64	552.02	541.12	545.58	603.92 (17/8)	495.79 (5/1)
NORWAY						
Oslo SE (1/1/72)	127.40	129.42	131.15	126.34	145.72 (6/8)	110.34 (5/6)
SINGAPORE						
Straits Times (1966)	624.48	621.71	655.21	642.53	973.26 (26/6)	615.26 (1/9)
SOUTH AFRICA						
Gold (1958)	—	706.5	681.0	687.4	797.6 (7/1)	475.6 (5/7)
Industrial (1958)	—	684.1	682.1	682.1	691.9 (23/9)	537.2 (3/2)
SPAIN						
Madrid SE (30/12/80)	135.66	135.70	135.79	138.86	146.15 (8/8)	100.46 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	(u)	556.63	541.89	588.18	660.51 (10/8)	404.17 (20/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	255.00	250.9	248.5	249.6	304.2 (2/4)	248.5 (2/10)
WORLD						
Capital Intl. (1/1/70)	—	140.4	138.6	136.7	162.8 (6/1)	133.6 (28/8)

(**) Sat. Oct. 3: Japan Dow 7499.75 TSE 552.02

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

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Zimbabwe tobacco price doubles

Financial Times Reporter

ZIMBABWE'S 1981 tobacco sales closed this week with 67.4m kg of flue-cured leaf having been sold at an average price of 184 Zimbabwe cents a kg (256 U.S. cents)—a 131 per cent rise in average price compared with 1980.

Because of the reduction in crop size from 123m kg to just over 67m kg the total value of the tobacco crop rose by a smaller margin—27 per cent—to close on Zimbabwe $124m (U.S.$172m).

The president of the Zimbabwe Tobacco Association which represents the industry's 1,300 growers said there were a number of problems facing the industry, especially transport, rising input costs and higher wages.

The strained transport position meant that fuel supplies had been adversely affected and this could not have come at a worse time. The ZTA says the industry is currently experiencing problems with coal supplies. The introduction of the minimum wage last year had increased production costs "considerably" and the industry is concerned about likely future wage demands.

The crop size for the new growing season which has just started has been raised to 96m kg—an increase of more than 42 per cent.

So far the number of growers participating in the crop has increased 14 per cent to around 1,300 producers.

China expects good beet crop

PEKING — Sugar beet production in the northernmost province of Heilongjiang, China's biggest beet-growing area, is expected to reach a record 3.2m tonnes this year in spite of widespread flooding, the New China News Agency said.

It said production will slightly exceed last year's figure of 3.16m tonnes in spite of the fact that nearly 35,000 hectares—or 13.6 per cent of the planted area—had been flooded.

China produced 2.57m tonnes of raw sugar in 1980; most of it from cane, and imports were down slightly to 946,000 tonnes from 985,000 tonnes in 1979.

Total sugar production is officially predicted to be 10 per cent up this year.

Reuter.

Cocoa pact fails to lift market

BY RICHARD MOONEY

THE INTERNATIONAL Cocoa Agreement's buffer stock bought its daily limit of 10,000 tonnes of cocoa again yesterday, taking total purchases in the seven trading days since buying operations began to 51,370 tonnes.

But it appears to be fighting a losing battle in its efforts to steady the market. The March position on the London futures market fell £18 yesterday to £1,278.50 a tonne and is now below the level ruling when support buying started.

More than half of the $230m carried forward into the buffer stock fund from the last agreement has already been used up. The kitty can be extended by borrowings and eventually by levies on exports but cocoa traders are extremely doubtful that sufficient extra money will be available to allow anything like enough surplus cocoa to be taken into stock.

The existing fund is estimated to be equivalent to around 90,000 tonnes but this would hardly dent total world stocks of around 5.5m tonnes overhanging the market, following four consecutive years of heavy surplus production. It would not even account for the near 100,000 surplus expected in the coming season.

In a report published today Inter Commodities forecasts that once the buffer stock has run out of money cocoa prices will "come cascading down" to around £850 a tonne.

"Experience shows that, in the end, commodity prices are determined by supply and demand," the report says.

Prospects for the fund succeeding in lifting physical cocoa prices from the present level of about 106 cents a lb to the Agreement "floor" of 110 cents seem extremely dim therefore.

Anticipation of support buying under the pact was largely responsible for the upsurge which lifted values from below £800 a tonne in June. But the bluntness of this market weapon is now becoming painfully apparent.

Farm exchange rates set in line with EMS

BY LARRY KLINGER IN BRUSSELS

THE EUROPEAN COMMUNITY yesterday agreed new intra-EEC trade levies and subsidies virtually in line with last weekend's realignment within the European monetary system (EMS), thereby shying away from any radical shift in the controversial "green money" system and raising the prospect of possible additional problems.

The member states, with the exception of France, agreed at a special meeting of agriculture and finance exports in Brussels to accept new levels automatically "implied" by the weekend EMS realignment.

Paris is expected to decide today on whether to accept a negative Monetary Compensatory Amount (MCA) or devalue its "green franc" to retain the neutral position which applied before the EMS changes.

The MCA is a sum expressed as a percentage representing the difference between a country's fluctuating real currency level and its fixed agricultural, or "green" exchange rate.

A positive MCA acts as an EEC subsidy to intra-Community exports and as a tax on imports, keeping farm incomes and, ultimately, shop prices higher. A negative rate operates the other way round.

France will have to decide whether to accept all or part of its implied negative rate of 1.5 per cent, which would be less inflationary in line with its weekend devaluation of the franc, or to return to a neutral position to aid its agricultural exports.

The system has long been controversial, drawing fire from both farmer and consumer alike, and the European Commission, supported strongly by France, has been seeking to phase out MCAs to make common prices a reality rather than subject to notional exchange rates.

Mid-East fears boost metals

By Our Commodities Staff

FEARS OF increased Middle East tension following the assassination of President Sadat of Egypt boosted base metals prices on the London Metal Exchange yesterday afternoon.

Cash copper wirebars and cash tin, which had been down earlier ended the day at £909.50, up £1, and £8,195, up £10, respectively.

Cash lead finished £8.50 higher on the day at £396.50 a tonne, while cash zinc, which was boosted throughout the day by general trade and producer support, ended £6 up at £468.50 a tonne. The zinc rise was also influenced by rumours of Soviet buying interest.

Zambian copper production in June was 52,012 tonnes against 47,610 tonnes in May and 53,390 tonnes in June 1980, according to latest mines ministry figures, reports Reuter from Lusaka.

Total copper production for the first half of this year was 276,087 tonnes compared to 305,917 for the same period last year, partly reflecting an eight-day strike in January.

Zambia produced 609,935 tonnes of copper last year against 583,400 in 1979.

Fight against elm beetle

DUTCH ELM disease which devastated the woodlands of England and Wales could be halted if the government was prepared to spend some money, it was claimed yesterday. The Tree Council has urged the government to make money available so local authorities in the North of England and Scotland can operate a coherent attack to save Britain's 10m remaining elm trees.

"The elm disease, conveyed by a bark beetle, is no respecter of local authority boundaries, and regional co-ordination of policies is essential. At present local authority programmes are piecemeal and need further support and encouragement," the Council said.

"There are inevitable high costs for local authorities in felling dead elms for public safety. If the disease is controlled and kept at a low level these felling costs can be dramatically reduced," the Council added.

Australian wheat hopes dashed

BY PATRICIA NEWBY IN CANBERRA

PROSPECTS for a bumper wheat crop in Australia this year have been dashed by lack of rainfall in the cereal growing areas this spring.

The Australian Bureau of Agricultural Economics (BAE) now estimates the wheat crop will be 15.3m tonnes. However, rain within the next few weeks remains the critical factor. Lack of it could lead to a fall in the harvest to below 14m tonnes, but unseasonally high rainfall could still boost the crop towards the 17m tonnes predicted in August.

This estimate was based on record plantings and the assumption of normal weather patterns. Last year's drought affected harvest yielded 10.9m tonnes.

In its latest crop report, the BAE says lack of rain in prime wheat growing areas in northern New South Wales over the past five weeks has led to moisture stress in crops as they enter the critical flowering and grain-filling stages.

In drier parts of NSW crops have already failed and farmers are replanting with Sorghum.

Prospects for barley and oats are more promising because they are concentrated in traditionally wetter areas.

Barley production in Australia is now estimated at 3.5m tonnes and oats at 1.8m tonnes, well above last year's harvests of 2.7m tonnes and 1.1m tonnes respectively.

Meanwhile in Britain Reuter reports that British animal feed processors used 8 per cent less grain in August/July 1980/81 than in the previous season, with wheat and maize accounting for most of the decline, the ministry of agriculture said.

Barley usage by animal feed processors was also down, but only by 1 per cent at 2.03m tonnes. Wheat usage in this sector fell by 11 per cent to 2.29m tonnes while maize usage was 16 per cent lower at 565,000 tonnes.

Flour millers increased their usage of home-grown wheat by 15 per cent to 3.10m tonnes, while using 22 per cent less imported grain for a total wheat usage of 4.87m tonnes, 2 per cent below the 1979/80 figure, the ministry said.

Israeli citrus prospects good

By L. Daniel in Tel Aviv

AN INCREASE of between 6.8 per cent and 9 per cent in Israeli citrus exports—between 47.1m and 48.8m cases during the 1981/82 export season—is forecast by the Israeli Citrus Marketing Board here. This first forecast compares with exports of 44.1m cases last season which brought in $240m fob.

The main increase in shipments during the season just started is expected in oranges—from 28.2m cases last year to between 29.9m and 30.9m cases in 1981/82 with exports of shamoutis (Jaffas) expected to rise to 20m to 21m cases from 19m last season.

Exports of soft fruits (clementines etc) are seen as between 1.9m and 2.1m cases compared with only 1.4m cases last season.

INDONESIAN RICE

A battle for self-sufficiency

BY RICHARD COWPER IN JAKARTA

THIS YEAR Indonesia is set to move one small step closer to its long-cherished but so far elusive goal of achieving self-sufficiency in rice—the staple food crop for the vast majority of the country's 150m inhabitants.

With 85 per cent of this year's harvest already in, the government is predicting a record crop of 21.8m tonnes of milled rice, possibly the lowest level of imports for a decade, and record end-of-year stocks of 2.5m tonnes.

Indonesia will also happily relinquish its traditional role as the world's largest importer of rice. Experts at Bulog, the state-owned agency responsible for the purchase of both domestic and imported rice, say they expect imports for 1981 to be around 500,000 tonnes, less than a quarter of the 2.3m tonnes South Korea is expected to buy on the world market this year.

Agriculture has for some years been at the top of the Government's list of economic priorities, and rice-self-sufficiently has been one of the Government's most cherished long-term development goals.

Over the past decade the Government has made a massive effort in terms of money and resources to boost the country's rice production, with considerable sums spent on irrigation development, fertiliser subsidies and two big programmes to help farmers increase yields and production by boosting inputs, adopting disease resistant strains of rice and switching to double or treble cropping.

Though the results may not appear dramatic, many regard the steady increase in production over the past 10 years as one of the most notable successes of the new order regime of President Suharto.

Indonesia's rice production increased 54 per cent in the past decade from 13.1m tonnes in 1970 to 20.3m tonnes in 1980. Output grew at an average of 3.1 per cent a year in the first half of the 1970s and increased by a healthy 6.1 per cent a year in the second half. Though well above the population growth rate, these increases were not enough to satisfy overall demand growth, and import requirements grew steadily over the decade.

The government appears to have been a victim of its own success. As the economy grew and incomes increased, traditional non-rice eaters shifted to rice as their main source of food, while others increased their level of consumption. Bulog says that per capita consumption grew an estimated 22 per cent from 110 kilos in 1971 to 134 kilos last year.

The result was that during the first half of the decade Indonesia was obliged to import an average of 924,000 tonnes of rice a year, but in the second half this doubled to an average of 1.8m tonnes a year. In spite of sizeable production gains, therefore, at the end of the decade the goal of self-sufficiency seemed more elusive than ever.

Record rice crops two years running appear to have halted this disheartening trend. and some believe that there is now at least an outside chance that Indonesia might become self-sufficient in rice sometime in the middle of this decade. The 1980 crop of 20.3m tonnes was 13 per cent above the 17.0m tonnes of 1979, and barring last minute weather or pest disasters, there should be a further increase of around 7 per cent this year.

Imports to date are just 250,000 tonnes and are not expected to be much above 500,000 tonnes for the whole year. This will boost end-of-year stocks to a record 2.5m tonnes—a figure which some believe to be overcautious.

According to Leon Mears, an American expert on Indonesian agriculture and for many years an adviser to Bulog, Indonesia could perhaps reach self-sufficiency by 1985 given an average annual production growth rate of 6 per cent or more—a target which will be difficult though not impossible to achieve.

On Java, however, many of the production gains to be made from better irrigation and higher inputs have already been achieved. This year Javanese wet rice farmers have been getting paddy yields per crop of over 4 tons per hectare—more than twice the yield in nearby Thailand. Rapid production increases are more likely to come, he says, on the less favourable land outside Java where irrigation is generally unavailable. Just how rapid these increases turn out to be will depend to a large degree on the success of a massive government transmigration programme designed to move around 2.5m people off overcrowded Java to the outer islands.

The other key unknown in the self-sufficiency equation is just how fast consumption will continue to grow. Much will depend on the government's ability to reduce the country's population growth rate through the family planning programme and its ability to halt the growth in per capita consumption by persuading the population to vary its diet. On balance, however, most experts believe that long-run self-sufficiency in rice will be extremely difficult to attain in the 1980s.

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL PRICES were firmer on the London Metal Exchange reflecting speculative buying in the wake of the shooting of President Sadat which prompted sizable gains in precious metals. Copper closed at £947.5, having fallen to £930 in early trading, while Lead was finally £408, after £393. Zinc closed at £485.5, after [illegible]

Tin—Morning: Standard, cash £8,210, three months £8,310, 20, 25, 30, 40, 20, 50, 55, 50. Kerb: Standard, three months £8,345, 40, 45. Afternoon: Standard, three months £8,345, 50, 40. Kerb: Standard, three months £8,340, 35, 30, 29. Turnover: 1,240 tonnes.

[illegible]

45, 45.5, 45. Kerb: Wirebars, three months £948, 49, 49.5, 49, 48, 47.5, 48. Turnover: 24,450 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8210-5	+15	8190-200	+10
3 months	8350-5	+10	8340-5	......
Settlem't	8215	+15	—	......
Standard				
Cash	8210-5	+15	8190-200	+10
3 months	8350-5	+10	8340-5	......
Settlem't	8215	+15	—	......
Straits E.	†$35.44	......		......
New York	—	......		

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	620-1	+1.25	623-4	+3.5
3 months	649-.5	+.5	653.5-4	+.5

Aluminium—Morning: Cash £620, 21, 20.5, three months £649, 50, 49.5, 49. Kerb: Three months £649, 48.5, 48, 47.5. Afternoon: Three months £648, 47, 47.5, 51, 52, 55, 56, 55, 54.5, 54, 53.5. Kerb: Three months £654, 55, 54, 53, 2.5, 52. Turnover: 27,400 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2760-70	+5	2785-90	+42.5
3 months	2855-70	......	2885-90	+59

Nickel—Morning: Three months £2,835, 40, 45, 60. Afternoon: Three months £2,850, 60, 70, 75, 80, 85, 90, [illegible]

[illegible]

May 517.0, 518.0, 518.0-517.0; July 524.0, 525.0, 524.0-522.0; Oct 521.0, 523.0, 523.0-521.0; Dec 526.0, 528.5, 526.5-523.0; March 531.0, 535.0, 533.0-530.0. Sales: 300.

GAS OIL FUTURES

Report of President Sadat's death pushed the market to the highs in active trading. Earlier in the day prices [illegible]

SILVER

[illegible]

GRAINS

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

WOOL FUTURES

[illegible]

SUGAR

LONDON DAILY PRICE—Raw sugar £167.00 (£169.00) a tonne cif Oct-Nov shipments. White sugar daily price £184.00 (£187.00). The market was steady at the lower levels before news of the attack on President Sadat lifted prices. Later, after it was learnt that the President had succumbed to his wounds scattered shortcovering lifted [illegible]

JUTE

[illegible]

COTTON

[illegible]

POTATOES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

MEAT/VEGETABLES

[illegible]

AMERICAN MARKETS

NEW YORK, Oct. 6.

President Sadat's assassination was the tragic influence in the commodity markets. Precious metals rallied sharply on speculative buying followed by a moderate rally in copper. Sugar and cocoa prices were weaker as a result of arbitrage selling. Coffee remained firm in anticipation of a tightness in the nearby delivery. The livestock com- [illegible]

April 64.25-64.20, June 65.50-65.40, Aug 65.17, Oct 64.17.

Live Hogs—Oct 48.20-47.95 (47.97), Dec 49.60-49.70 (50.05), Feb 48.70-48.60, April 46.15, June 48.75, July 49.00, Aug 47.65, Oct 47.20, Dec 48.00.

‡‡Maize—Dec 297¾-297 (294½), March 315½-315 (312¾), May 325¼-425½, July 332¼-332, Sept 335¼, Dec 338.

Pork Bellies—Feb 64.95-64.85 (63.75) [illegible]

EUROPEAN MARKETS

ROTTERDAM, Oct. 6.

[illegible] No. 2 Dark Hard Winter, 13.5 per cent, Oct 198, Nov 200, Dec 206. U.S. No. 2 Red Winter Oct 182, Nov 186.50. U.S. No. 3 Amber Durum Oct 193, Nov 195, Dec 200. U.S. No. 2 Northern Spring, 14 per cent, Oct 190, Nov 193, Dec 196.50.

Maize—(U.S. $ per tonne): U.S. No. Three Corn Yellow Oct 137, Nov 134, Dec 137, Jan-March 144.25, April-June 149 sellers.

Soyabeans (U.S. $ per tonne): U.S. Two Yellow Gulfports, Oct 266.50, Nov 292, June 298 sellers.

Soyameal (U.S. $ per tonne): 44 per cent protein U.S., afloat April 255, Sept 251, Oct 233, Nov 238, Dec 240.50, Nov-March 246, April-Sept 269, Brazil Pellets afloat 260, Oct 254, Nov 252.50, Dec 256, Nov-March 263 sellers.

Cocoa—(FFr per 100 kilos): Dec 1295/1305, Mar 1300/1315, May 1310 bid, July 1321 bid, Sept 1336 bid, Dec 1351/1369, Mar 1369 bid. Sales at call one.

INDICES

FINANCIAL TIMES

Oct. 5	Oct. 2	Month ago	Year ago
260.70	260.26	259.65	276.82

(Base: July 1, 1952=100).

MOODY'S

Oct. 5	Oct. 2	Month ago	Year ago
1012.1	1011.4	1026.9	1314.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Oct. 5	Oct. 2	Month ago	Year ago
Spot	355.96	355.44	349.95	466.25
Fut'rs	375	373.12	368.52	490

(Average 1924-25-26=100).

REUTERS

Oct. 6	Oct. 5	M'nth ago	Year ago
1663.7	1666.4	1661.8	1755.9

(Base: September 18, 1931=100)

Wool shipment experiment

BY PATRICIA NEWBY IN CANBERRA

A NEW METHOD for exporting the Australian wool clip will start trials next month with the first shipment to Europe of 15,000 farm bales using the unit sling loading system.

Most of the Australian wool clip is currently shipped in containers, but this involves extra cost which the Australian Wool Corporation believes can be eliminated using the new system.

Tenders have been called for trial shipments from Melbourne or Geelong in Victoria and Freemantle in western Australia.

The Wool Corporation points out that the unit sling system as it is called is already being used for the movement of iron, zinc, lead and paper and there is no reason why it could not be adapted to wool.

One advantage of the system is that shipment is not restricted to container vessels because other ships can carry the modules. Cost advantages are expected to flow from the fact that containers will not have to be carried to and from wharves and that freight rates should be cheaper because there is no need to include an element for the recovery of the capital cost of the container.

Australia presently ships 4m bales of wool a year at rates varying from 25.6 cents a kilo for high density bales to 28.6 cents for normal density bales. A 1 cent reduction in shipping rates would save the wool industry an estimated A$6.4m annually.

Equities stage swift about-turn and 30-share index reacts 15.4 to 475.0—Short tap stock exhausted

Account Dealing Dates

Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Sept 28	Oct 8	Oct 9	Oct 19
Oct 12	Oct 22	Oct 23	Nov 2
Oct 26	Nov 5	Nov 6	Nov 16

* "New time" dealings may take place from 9.30 am two business days earlier.

Th current sensitive nature of London equity markets was well illustrated by yet another remarkable turnround in sentiment yesterday. Leading shares fell throughout the session and Monday's sharp gain in the Financial Times Ordinary share index was wiped out, this measure of the market closing 15.4 down at 475.0.

Wall Street's indicisive performance overnight prompted early caution and, with the market becoming increasingly nervous awaiting the September banking figures, the slide in values gathered pace. Dealers backed away from selling, although the volume was no worse than to be expected. Announcement of the banking statistics failed to halt the reaction and the tone deteriorated further to the accompaniment of rumours that President Sadat had been assassinated. Confirmation of the death of the Egyptian President and of its possible repercussions in the Middle East left sentiment thoroughly depressed and final quotations were the day's lowest.

Concern about the soaring costs of the Trident missile unsettled defence issues. Recent high-flying Electricals led the retreat and GEC closed 21 lower at 677p, while Plessey, 300p, and Racal, 400p, lost 10 apiece. Of the sectors, fears that a Middle East crisis could develop and disrupt oil supplies, brought in demand for Oil shares, one of the few areas to resist the general weakness.

Fresh investment demand exhausted remaining official supplies of the short tap soon after the opening, but Gilt-edged quotations made only limited headway as trade consequently became more evenly balanced. This market had discounted grim banking statistics but showed hesitation over the latest Middle East developments and eased late following the issue of three tappettes, each of £250m tranches of existing stocks. The market was surprised by the authorities' haste to fund and when dealings resumed at 4.15 pm, after the customary recess, mediums and longs were finally ½ or ¼ below overnight levels. The short tap, **Treasury** 11¾ per cent 1985, which ran out at 87, closed slightly easier on the day at 86¾.

Demand for Traded options diminished slightly and total contracts completed amounted to 1,871, comprising 1,290 calls and 581 puts. Once again proceedings were dominated by **British Petroleum** with 505 calls and 236 puts arranged.

Brown Shipley bought

Brown Shipley became popular in merchant banks, jumping 30 to 215p on a Press suggestion that the accepting house could be the next in line for a bid following Dow Scandia's agreed offer for Arbuthnot Latham. **Mercury Securities** were also supported and closed 6 to the good at 223p, while **Leopold Joseph** put on 3 at 240p, after 245p. **Hambros**, however, met with profit-taking and dipped 5 to 150p. The major clearing banks drifted lower as buyers withdrew. **Midland**, 10 down at 308p, led the retreat, while **Barclays** lost 8 to 408p and **NatWest** a similar amount to 370p.

In contrast to Monday Insurances reacted sharply yesterday on a combination of sporadic profit-taking and lack of support. Recently firm on an investment recommendation, Composites had **Sun Alliance** 15 off at 840p and **Royals** 12 easier at 358p. **Commercial Union** retreated 9 to 138p and **GRE** 8 to 304p. Among Life issues, **Hambro Life** softened 10 to 365p awaiting today's half-yearly figures.

Buildings joined in the late downturn and **Blue Circle** closed 12 lower at 438p and **BPB Industries** 5 down at 238p. The majority of secondary issues also lost ground. **John Finlan**, still awaiting the outcome of talks with an unnamed party, shed 8 at 162p. Elsewhere, **MDW** returned from suspension at 112p, but closed at 108p, compared with the suspension price of 82p and the agreed bid worth approximately 118p per share from **F. J. C. Lilley**; the latter fell 10 to 130p. Demand in front of today's preliminary results lifted **Higgs and Hill** 5 to 115p.

ICI, 10 down at the official close, extended the fall after-hours to end a net 16 down at 250p. Elsewhere in Chemicals, **James Halstead** firmed 4 to 47p in response to satisfactory interim results.

Leading Stores finished at the day's lowest. **British Home** shed 6 to 119p, while **Gussies "A,"** 385p, and **Marks and Spencer**, 114p, fell around 5 apiece. **UDS** eased 3 to 65p, but **Debenhams** held at the overnight 73p; the latter is due to announce first-half results on Friday. Secondary counters were more resilient and renewed speculative support brought gains of 5 in **Cornell Dresses**, 125p, and **Polly Peck**, 290p. Revived takeover hopes lifted **Aquascutum "A"** 4 to 26p, but profit-taking lowered **Tern-Consulate** 4 to 64p, after 62p. Mail-orders eased from the higher levels established after Monday's excellent interim results from Freemans. **Grattan** shed 4 to 88p and **Empire** a like amount to 78p. **Freemans** gave up 2 at 108p. News that **Ward White** had purchased almost 410,000 shares in **Hiltons** at 130p per share through the market, prompted a firmer tone in Hilton's proposed merger partner **George Oliver**, which rose to 120p before settling with a net gain of 5 at 110p. **Hiltons** lost the turn at 130p, but Ward White were a penny better at 52p.

Defence stocks down

Comment on the escalating cost of the Trident missile programme and the possibility of it being seriously pruned or curtailed unsettled Defence stocks. After an initial mark-down, prices wilted further on revived selling and **GEC** closed the day 21 down at 677p. **Plessey** shed 10 to 300p as did **Racal**, to 400p, while **British Aerospace** slipped 9 to 182p and **Ferranti** 5 to 485p. Elsewhere in Electricals, **Amstrad** jumped 13 to 178p, after 188p, in recognition of the nearly doubled final dividend and sharp hike in annual earnings. **Cray Electronic** put on 8 at 90p, but **United Scientific**, at 450p, gave back 20 of Monday's rise of 30.

Leading Engineerings were friendless and closed with falls ranging to 8. **Hawker** lost that much to 278p as did **Tubes** to 106p. **GKN** relinquished 5 to 146p, while **John Brown**, 68½p, and **Vickers**, 147p, softened 3 apiece. Secondary issues, however, were generally better for choice. After a brief suspension, **Hallite** closed 9 higher at 204p following details of a 200p per share bid from General Tire and Rubber of S.A. which over the past week had acquired a near-20 per cent stake in Hallite through the market. Renewed, speculative support helped **Greens Economiser** put on 8 to 133p, while **United Engineering** gained 7 at 175p. **Davy Corporation** added 5 to 158p.

Leading Foods succumbed to the general weakness and **Tate and Lyle** lost 6 to 160p, while **Cadbury Schweppes** shed 2 at 79p. Elsewhere, **Bejam** firmed 2 to 128p on the higher annual profits and proposed one-for-three scrip issue.

Silentnight pleases

Reversing Monday's strength, the miscellaneous industrial leaders closed with double-figure falls in places. The previous day's pace-setters **Glaxo** and **Unilever** led the retreat, the former closing 14 down at 378p and the latter 15 off at 560p. **Beecham** fell 10 to 186p, while **Bowater** surrendered 9 at 205p. Elsewhere, **Silentnight** stood out with a gain of 10 to 87p, after 92p, following the doubled interim dividend and record first-half profits. Still on bid hopes, **T. W. Ward** improved 3 more to 130p, while **Asprey** continued to draw strength from the good results and major expansion plans, adding a further 3 points at £40. Investment buying prompted rises of 10 and 17 respectively in **Sothebys**, 415p, and **Ricardo**, 407p, while **Johnson Mathey** put on 10 at 265p. **Sears** hardened a fraction to 48p, after 49p, reflecting satisfactory interim results but **Stag Furniture** lost 3 to 82p on news of the lower interim profits.

Selected Leisure issues moved against the trend. **Boosey and Hawkes** firmed 5 to 128p following Press mention, while **Associated Leisure** came in for support at 93p, up 4. **Selec TV** gained 4 to a 1981 peak of 38p following the annual meeting.

Motor Components were subjected to renewed selling. **Lucas**, 209p, lost 6 of Monday's gain of 15, while **Dunlop** reacted 4 to 56p. **Kwik-Fit** gave up 6 at 56p. Among Distributors, **Caffyns** eased 6 to 118p on profit-taking, but **Atwood** firmed that much to 70p. News that the Canadian parent intends to retain its 60 per cent holding in the company lifted **York Trailer** 2 to 12p.

The recent revival in Properties petered out. **Land Securities**, 283p, and **MEPC**, 203p, shed 7 apiece, while **Great Portland Estates** gave up 6 at 178p. Against the trend, **Scottish Metropolitan** gained the turn awaiting today's preliminary results. **Daejan** were in demand at 130p, up 6.

Late demand for Oils

The prospect of Middle East unrest following the assassination of President Sadat sparked off considerable late demand for Oil shares. **British Petroleum**, down to 280p initially, picked up to the overnight level of 290p and touched 304p before closing a net 8 higher at 298p. **Shell** finished 12 up at 352p, after 360p. **Burmah** firmed 7 to 108p and **Tricentrol** gained 12 to 236p, while **Ultramar** advanced 17 to 445p.

Textiles again displayed an irregular appearance. **Courtaulds** gave up 3 at 51p, but gains of that amount were established by **Dawson International**, 113p, and **Textured Jersey**, 85p.

Tobaccos lacked support and lost most of Monday's rises. **Imps** eased a couple of pence to 58p, while **Bats** came back 14 to 351p.

Heavy buying of Golds

A quiet morning session in mining markets was followed by a hectic afternoon as news of the assassination of President Sadat of Egypt prompted heavy buying of South African Golds in the wake of the sharp rise in the bullion price.

The latter gyrated wildly following the first news of the shooting and closed in London at $450 an ounce, a net gain of $7.25.

Activity in Golds was equally hectic. Initially subdued by overnight American selling, prices began to pick up around mid-day and subsequently surged ahead on confirmation of the death of the President.

After-hours trading was featured by sizeable American buying which, after a brief lull, continued well after normal hours. Closing quotations were generally the day's best with the Gold Mines index 14.5 up at 401.5.

In the heavyweights gains ranged to £2 as in **Randfontein**, £31¾, while rises in excess of a point were common to **Hartebeest**, £32½, **Vaal Reefs**, £38¾ and **President Brand**, £24⅞.

Among the lower- and medium-priced issues **Grootvlei** jumped 38 to 557p and **South African Land** 28 to 315p.

Financials staged a similar rally to Golds. In South Africans "**Amgold**," down to £48⅞ at one point in the morning, surged ahead to close a point up on balance at £50¼ while **GFSA** closed £1¼ better at £44⅞. **Anglo American Corporation** rallied from 730p to close a net 15 higher at 755p.

Initially dull London Financials mirrored the recovery in Golds and precious and base-metal prices. **Rio Tinto-Zinc** finished unaltered at 474p, after 465p while **Gold Fields** were finally a net 8 up at 481p, after 467p.

Australians were featured by Golds where **Poseidon** rallied to close 7 firmer at 220p. **North Kalgurli** put on 2 to 79p and **Gold Mines of Kalgoorlie** ended the day unchanged at 515p, after 505p.

Elsewhere **Idris Hydraulic Tin** were suspended pending clarification of the company's position in view of the suspension of mining operations following the landslide at the mine.

FINANCIAL TIMES STOCK INDICES

	Oct. 6	Oct. 5	Oct. 2	Oct. 1	Sept. 30	Sept. 29	A year ago
Government Secs	60.95	60.93	60.60	60.56	60.67	60.45	72.11
Fixed Interest	62.50	62.30	63.23	62.25	62.18	61.84	72.08
Industrial Ord.	475.0	490.4	476.3	478.0	475.4	467.6	483.3
Gold Mines	401.5	387.0	378.5	377.9	371.2	354.5	522.9
Ord. Div. Yield	6.26	6.08	6.28	6.31	6.32	6.37	7.62
Earnings, Yld. % (full)	10.53	10.23	10.56	10.75	10.77	11.21	17.23
P/E Ratio (net) (*)	12.25	12.58	12.19	11.95	11.91	11.44	7.10
Total bargains	15,360	17,325	18,093	18,286	24,319	29,325	20,393
Equity turnover £m.	—	112.86	90.85	106.51	125.29	170.19	118.87
Equity bargains	—	12,326	11,861	14,157	19,295	27,353	16,728

10 am 486.7. 11 am 484.9. Noon 479.6. 1 pm 478.9. 2 pm 478.6. 3 pm 477.5.

Latest index 01-246 8026.

*Nil=10.88.

Basis 100 Govt. Secs. 15/11/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/8)	60.45 (28/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/8)	61.94 (28/9)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9)	262.6 (23/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 5	Oct. 2
—Daily		
Gilt Edged Bargains	205.8	153.8
Equities		
Bargains	79.9	76.8
Value	228.1	193.6
5-day Avrge.		
Gilt-Edged Bargains		
Equities	180.4	178.8
Bargains	109.9	129.4
Value	245.5	268.5

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (9)

BUILDINGS (1)
MDW

CHEMICALS (2)
BASF AG — Bayer AG

STORES (1)
Oliver (G.) A

ELECTRICALS (1)
Amstrad

ENGINEERING (2)
Braham Miller — Hallite

FOODS (1)
Assoc. Fisheries

LEISURE (1)
Selec TV

NEW LOWS (27)

AMERICANS (1)
Kaiser Aluminium

STORES (1)
Raybeck

ENGINEERING (5)
Bristol Channel — Shaw Francis
Chamberlin & Hill — Wagon Industrial
Jones & Shipman

INDUSTRIALS (3)
Arenson (A.) — Wade Potteries
Kalamazoo

PAPER (1)
Clondalkin

SHIPPING (1)
Lon. & Overseas

TRUSTS (3)
Caledonia Invs — U.S. & Gen. Trust
Cystic Fybrosis

OIL & GAS (6)
Branon — Ceres Res.
Brit. Borneo — Hunting Petroleum
Bula Resources — Silkolene

RUBBERS (3)
Cons. Plantations — Malakoff
Kulim

MINES (3)
Gopeng Cons. — Tronoh
Kamunting

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	16	—	76
Corpns. Dom. & Foreign Bonds	34	—	36
Industrials	302	288	783
Financial & Props.	125	122	255
Oils	33	37	33
Plantations	4	5	14
Mines	63	38	66
Others	38	71	86
Totals	615	561	1,349

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Beecham	186	−10	LASMO	470	+8
BP	298	+8	Plessey	300	−10
Cons. Gold Fields	481	+8	Racal Electronic	400	−10
Driefontein	£15¾	+¼	Shell Transport	352	+12
Glaxo	378	−14	Thorn EMI	420	−3
ICI	250	−16	Ultramar	445	+17

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
GEC	21	698	+23	Hanson Trust	15	272	+8
Unilever	19	575	+25	RTZ	15	474	+14
Foseco Min Nw	17	3½pm		Plessey	14	310	+12
BP	16	290	+12	Thorn EMI	13	423	+8
Glaxo	16	392	+20	BAT Inds	12	365	+12
ICI	16	266	+10	GUS A	12	390	+17
Racal Elec	16	410	+22	Hambro Life	12	375	+14

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 5	Oct 16	Jan 7	Jan 18
Oct 19	Oct 30	Jan 21	Feb 1
Nov 2	Nov 13	Feb 11	Feb 22

For rate indications see end of Share Information Service

Call options were done in Premier Oil, Charterhall, Chubb, Wearwell, FNFC and 9½ per cent Convertible, Great Portland Estates, M.D.W., Town and City Properties, French Kier, J. H. Fenner, Associated Fisheries, Jardine Matheson, Double Eagle, Strata, ICL, Woolworth and Impala Platinum. Puts were transacted in GKN, Lucas, GEC, Racal and Premier Oil, while double options were taken out in Whessoe, BP, Premier and Hawley Leisure.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Oct. 6, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Oct. 5 Index No.	Fri., Oct. 2 Index No.	Thurs., Oct. 1 Index No.	Wed., Sept. 30 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	315.79	−1.5	11.20	5.00	11.02	320.51	313.21	308.96	310.49	283.86
2	Building Materials (25)	273.31	−0.9	16.62	6.28	6.86	275.76	272.13	269.29	270.75	250.75
3	Contracting, Construction (28)	491.83	−0.3	19.29	5.80	6.02	493.36	490.64	480.93	487.08	419.62
4	Electricals (30)	1055.81	−2.6	8.64	2.72	14.45	1084.07	1046.94	1033.97	1034.64	876.32
5	Engineering Contractors (9)	442.00	+2.6	14.66	6.23	8.05	431.00	429.31	421.18	426.17	343.12
6	Mechanical Engineering (66)	176.05	−1.6	12.59	6.23	10.31	178.89	174.99	173.45	174.88	178.82
8	Metals and Metal Forming (13)	148.37	+0.5	9.72	7.99	13.95	147.61	146.49	143.82	144.55	157.15
9	Motors (21)	89.38	−2.7	—	7.54	—	91.86	88.74	88.97	88.63	97.93
10	Other Industrial Materials (18)	339.08	−0.3	9.73	6.66	12.50	340.02	335.15	326.54	329.89	0.00
21	CONSUMER GROUP (197)	249.21	−1.7	14.01	6.49	8.80	253.53	247.10	245.53	245.20	238.48
22	Brewers and Distillers (20)	261.77	−2.0	17.14	7.39	7.03	266.98	259.95	257.04	254.25	278.84
25	Food Manufacturing (21)	240.88	−0.9	16.60	6.99	7.26	243.01	236.84	234.08	235.16	219.66
26	Food Retailing (15)	502.50	−1.0	9.92	3.54	12.07	507.40	500.56	493.02	482.28	388.08
27	Health and Household Products (7)	306.13	−3.6	9.03	4.83	13.23	317.64	308.43	305.23	303.53	230.89
29	Leisure (24)	388.79	−0.7	10.47	5.65	11.84	391.44	380.27	378.51	382.24	346.03
32	Newspapers, Publishing (12)	439.01	−0.1	14.01	6.84	10.22	439.31	432.60	420.88	428.04	447.85
33	Packaging and Paper (13)	123.52	−1.7	15.61	8.62	7.74	125.63	122.32	120.91	120.85	122.77
34	Stores (45)	224.75	−1.7	12.81	5.92	10.41	228.70	222.83	223.39	223.32	237.18
35	Textiles (23)	139.06	−0.2	9.04	6.61	15.42	139.29	138.20	136.61	138.44	120.24
36	Tobaccos (3)	243.10	−3.6	23.39	10.71	4.92	252.11	243.02	244.81	246.22	224.34
39	Other Consumer (14)	249.97	+2.0	8.03	6.94	19.79	245.19	241.70	239.13	242.43	0.00
41	OTHER GROUPS (80)	204.04	−2.1	12.16	6.94	10.53	208.46	204.46	201.49	201.73	219.97
42	Chemicals (16)	260.68	−3.9	6.19	6.89	26.90	271.28	263.76	263.25	262.87	294.80
44	Office Equipment (5)	96.62	−1.6	17.68	8.85	6.80	98.17	98.14	98.25	97.91	105.37
45	Shipping and Transport (13)	458.21	−1.3	23.08	8.00	5.16	464.45	461.43	448.58	449.86	574.07
46	Miscellaneous (46)	268.43	−0.4	14.04	6.22	8.64	269.53	264.75	257.32	258.57	280.93
49	INDUSTRIAL GROUP (487)	265.57	−1.7	12.71	5.98	9.75	270.08	263.70	261.03	261.39	253.38
51	Oils (13)	680.84	+3.0	20.91	8.29	5.41	660.95	637.84	622.59	606.29	873.08
59	500 SHARE INDEX	299.23	−0.8	14.21	6.40	8.50	301.78	294.05	290.36	289.38	302.34
61	FINANCIAL GROUP (119)	240.57	−1.6	—	6.31	—	244.55	237.60	233.38	233.94	251.73
62	Banks (6)	252.75	−1.7	35.33	7.45	3.33	257.22	252.09	250.16	251.84	249.21
63	Discount Houses (10)	232.16	+0.2	—	9.76	—	231.61	232.19	229.81	230.31	296.26
64	Hire Purchase (3)	206.12	+1.5	15.09	8.97	9.17	203.15	199.64	198.22	197.83	234.83
65	Insurance (Life) (10)	257.28	−2.0	—	6.16	—	262.55	254.11	252.61	252.97	262.47
66	Insurance (Composite) (10)	157.60	−2.7	—	8.50	—	161.94	158.09	154.61	155.30	177.90
67	Insurance Brokers (8)	401.32	−1.1	11.46	5.99	11.87	405.87	393.14	385.50	389.60	349.20
68	Merchant Banks (13)	145.21	+0.4	—	5.54	—	144.57	137.53	134.59	133.05	148.05
69	Property (50)	417.22	−1.5	4.60	3.41	29.40	423.42	408.65	396.56	396.43	464.96
70	Miscellaneous (9)	163.01	+0.3	19.89	6.79	6.11	162.59	157.77	155.21	154.32	155.24
71	Investment Trusts (109)	272.43	−0.5	—	5.87	—	273.73	270.88	266.81	268.96	278.51
81	Mining Finance (3)	240.04	+0.7	14.41	5.93	8.34	238.47	231.31	232.49	227.27	267.32
91	Overseas Traders (19)	395.69	−0.3	11.79	7.52	10.81	397.00	389.73	383.08	386.07	459.37
99	ALL-SHARE INDEX (750)	287.43	−0.9	—	6.36	—	290.09	282.78	279.02	278.49	294.32

FIXED INTEREST

	PRICE INDICES	Tues., Oct. 6	Day's change %	Mon., Oct. 5	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	104.36	+0.12	104.24	—	7.82
2	5-15 years	98.31	—	98.31	—	10.01
3	Over 15 years	99.59	—	99.59	—	10.50
4	Irredeemables	106.37	—	106.37	—	9.85
5	All Stocks	100.40	+0.04	100.36	—	9.38
6	Debentures & Loans	76.96	+0.23	76.78	—	8.18
7	Preference	58.92	+0.01	58.92	—	5.75

	AVERAGE GROSS REDEMPTION YIELDS		Tues., Oct. 6	Mon., Oct. 5	Year ago (approx.)
	British Government				
1	Low	5 years	13.82	13.84	11.58
2	Coupons	15 years	14.28	14.17	11.50
3		25 years	14.28	14.26	11.58
4	Medium	5 years	16.16	16.17	12.90
5	Coupons	15 years	16.18	16.16	13.07
6		25 years	15.71	15.71	12.86
7	High	5 years	16.17	16.18	13.05
8	Coupons	15 years	16.32	16.31	13.31
9		25 years	15.94	15.94	13.10
10	Irredeemables †		14.15	14.15	11.07
11	Debs & Loans	5 years	16.66	16.70	13.90
12		15 years	17.06	17.13	13.84
13		25 years	17.08	17.15	13.79
14	Preference †		16.74	16.74	14.52

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

OFFSHORE & OVERSEAS—contd.

Central Assets Management Ltd.
Channel Hse., St. Helier, Jersey. 0534-73673
Central Assets ... £199.59 199.64 +0.13 —

Charterhouse Japhet
1 Paternoster Row, EC4 01-248 3999
Emperor Fund* ... $7.26 7.62 ... —
Hispano ... $43.34 45.53 −0.08 6.30
*Prices at Sept. 30. Next sub. day Nov. 1.

Chawton Commodities (Isle of Man) Ltd.
29, Athol Street, Douglas, I.o.M. 0624 21724
Normandy Metal Trust ... 1.3723 1.4445 ... 4.00
Normandy Com. Tst. ... 1.2993 1.3677 ... 4.00

For Clive Investments (Jersey) see Invicta Investment Management

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. ... 228.0 248.0 ... —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. ... US$98.67 — +1.04 —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) ... 86.2 86.3 ... 15.64
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt
Investa ... DM33.13 34.80 −0.10 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Sept. 29 ... $3.20 3.36 ... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029
HS Channel Is. Fd. ... 136.5 146.1 ... 3.50
H.S. Fxd. Int. Fd. ... 82.0 87.0 +1.0 14.70
H.S. Intnl. Gth. Fnd. ... 116.4 123.6 ... —
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. ... US$22.12 23.00 ... —
CSF Fd. (Acc.) ... SF17.71 18.09 ... —
Crossbow Fd. ... SF6.15 6.25 ... —
ITF Fd. (Acc.) ... US$12.43 12.69 ... 69.23

I.C. Trust Managers Ltd.
10, St. Georges St., Douglas, IoM 0624 25015
Int. Commodities Tst. 107.3 114.2 ... —
Next dealing day October 7.

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda (OfferPce) DF67.69 — −0.45 2.66

International Bond Trust
2, Boulevard Royal, Luxembourg
NAV Oct. 6 ... US$9.74 9.74 +0.08 —

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.

هكذا من الأصل

هكذا من الأصل

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	1981 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
99 15/16	99 1/8	Treas. Variable '81‡‡	99 3/4	+1/32	16.56	16.57
100 1/16	99 1/4	Exch. 12 1/4pc 1981‡‡	99 7/8	+1/32	12.83	16.47
98 5/16	95 1/2	Treas. 8 1/2pc '80-82‡‡	98	+1/8	8.67	15.68
96 1/8	91 3/4	Treasury 3pc '82‡‡	96 3/8	......	3.11	13.58
107	99 1/2	Treasury 14pc '82‡‡	99 1/2	+1/8	14.07	15.23
99 1/2	98 1/2	Treas. Variable '82‡‡	99 1/2	+1/8	16.59	17.36
96 1/2	93 1/2	Treasury 8 1/4pc '82	94 3/4	+1/4	8.71	15.85
96 1/2	93 1/2	Exch. 9 1/4pc 1982	94 1/2	+1/8	9.79	15.61
95 1/4	92 3/8	Exch. 8 3/4pc 1983	93 1/2	+1/8	9.36	14.52
92 1/4	84 7/8	Exch. 3pc 1983	89	+1/4	3.37	11.86
99 3/4	95	Treasury 12pc 1983‡‡	95 1/4	+1/8	12.60	15.81
99 1/2	96 1/4	Treas. Variable '83‡‡	99 1/4	+1/16	16.60	16.95
91 1/4	90 1/8	Treasury 9 3/4pc '83	90 3/8	+1/8	10.24	15.58
101 1/2	95 1/4	Exch. 13 1/2pc '83	95 3/8	......	14.15	16.06
94 1/8	89 1/4	Exch. 10pc 1983	89 3/8	......	11.19	15.89
88	83 1/2	Funding 5 1/2pc '82-84‡‡	83 3/4	......	6.57	13.75
96 1/4	90 1/8	Exch. 11 1/4pc 1984	90 3/8	+1/8	12.45	16.22
103 1/2	95 1/4	Exchequer 14pc 1984	95 1/2	+1/8	14.66	16.12
82 3/8	77 1/4	Exch. 3pc 1984	77 1/2	......	3.87	13.14
98 3/8	90 1/2	Treasury 12pc 1984	91	+1/8	13.19	15.91
107 1/4	97 3/8	Treasury 15pc 1985	97 3/4	......	15.35	15.82
98 3/4	89	Exch. 12pc Cnv. '85	89 3/8	+1/4	13.43	16.13
76	71	Treasury 3pc 1985	71 1/4	......	4.21	13.25
96 1/2	86 5/8	Treasury 11 1/2pc 1985	86 7/8	......	13.24	16.24
98 3/4	88 3/8	Exch. 12 1/4pc 1985	88 1/2	......	13.84	16.12
97 1/4	86 5/8	Exch. 11 3/4pc '86	86 3/4	......	13.54	16.03
70 1/2	65 1/4	Treasury 3pc 1986	66	......	4.55	13.03
97 1/2	86 5/8	Treasury 12pc '86	86 3/4	......	13.83	16.18
88 1/4	79 1/4	Treasury 8 1/2pc '84-86‡‡	79 1/2	......	10.69	14.60

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	42	......	Q2.5c	—	3.7
41	14	ACM 20c	23	−1½	—	—	—
21	10	Argosy Gold NL 25c	10	......	—	—	—
229	134	Bond Corp.	134	−7	Q10c	2.3	4.7
112	70	Bougainville I Kina	80	−6	†Q25.4c	1.0	‡
302	194	CRA 50c	210	−10	Q19c	1.7	5.5
25	10½	Canada Northwest	11½	+½	—	—	—
35	13	Carr Boyd 20c	15	−2	—	—	—
415	43	Central Pacific	44	......	—	—	—
35	12	Cons. Gold Min. N.L. 50c	13	......	—	—	—
47	13	Cultus Pacific N.L.	15	−1	—	—	—
68	22	Eagle Corp. 10c	32	......	—	—	—
40	26	Endeavour 20c	26#	......	—	—	—
560	310	G. M. Kalgoorlie 25c	515	......	Q32½c	ϕ	3.9
25	8	Great Eastern	9	−1	—	—	—
185	60	Greenbushes Tin 50c	90	−10	Q6c	1.9	4.1
275	140	Hampton Areas 10p	145	......	2.5	3.1	2.5
168	36	Haoma Gold N.L.	39	−2	—	—	—
85	20	Intl. Mining	22	−2	—	—	—
118	29	Jimberlana (50cFP)	34	−1	—	—	—
15	10	Kalbara Min 20c	12	......	—	—	—
245	135	Kitchener NL 25c	170	−10	—	—	—
105	20	Leichhardt Expln.	22	−2	—	—	—
430	275	Meekatharra	380	−10	—	—	—
70	40	Metals Ex. 50c	42	−3	¶Q3c	ϕ	4.2
38	20	Metramar Mns. 20cts.	23	......	—	—	—
20	10	Mid East Mns. NL	10½	−½	—	—	—
290	190	M.I.M. Hldgs. 50c	237	−7	Q15c	ϕ	4.0
21	7½	Minefields Expl. 25c	9½	......	—	—	—
20	13	Newmetal 20c	16	......	—	—	—
69	41	Nickelore N.L.	42	......	—	—	—
204	149	North B. Hill 50c	163	−7	Q18c	ϕ	6.9
84	50	Nth. Kalgurli	79	+2	—	—	—
200	94	Nth. Mining Corp.	176#	......	ϕ—	—	—
122	26	N. West Mining N.L.	29	−1	ϕ—	—	—
150	106	Oakbridge 50c	113	−4	Q6½c	ϕ	3.6
185	95	Otter N. L.	95	......	—	—	—
188	118	Pacific Copper	120	−4	—	—	—
*423	140	Pancont'l 25c	144	−4	—	—	—
88	42	Paringa M&Ex. 5p	72	......	ϕ—	—	—
525	375	Peko-Wallsend 50c	390	−15	Q15c	—	2.4
43	16	Pelsart Res NL	16	......	—	—	—
120	58	Seltrust A	68	......	—	—	—
157	18	Southern Pacific	21	+1	—	—	—
100	40	Swan Resources 20c	52	......	—	—	—
316	75	Vultan Mns 20c	75	......	—	—	—
18½	8	West Coast 25c	9	......	—	—	—
130	90	Westn. Cont 50c	90	......	—	—	—
335	227	Westn. Mining 50c	283xd	−9	Q14c	ϕ	3.0
27	14	Westmex	14	......	—	—	—
76	38	Whim Creek 20c	46	−2	—	—	—
101	26	York Resources	29	−2	—	—	—

Tins

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	8½	Amal Nigeria 1p	9	......	‡6.0	—	—
300	210	Ayer Hitam SM1	210	......	†Q205c	1.0	‡
210	98	Geevor	165	+5	—	—	—
11	8	Gold & Base 12½p	9	−½	—	—	—
660	475	Gopeng Cons.	475	−5	‡30.0	1.8	‡
450	310	Hongkong	310	......	21.0	ϕ	9.7
160	110	Idris 10p	155#	......	‡9.0	0.8	‡
*29	10	Jantar 12½p	21	−2	N1.5	ϕ	10.2
98	65	Kamunting SM0.50	65	−2	Q27½c	0.8	0.0
665	363	Killinghall SM1	560	......	‡Q66.7c	ϕ	3.0
114	88	Malay Dredging 10c	114#	......	ϕhQ38c	0.9	7.7
68	30	Pahang	30	−2	‡0.63	0.8	‡
118	90	Pengkalen 10p	107	+4	3.5	0.6	4.7
380	290	Petaling SM1	290	......	‡Q180c	1.4	‡
25	19	South Crofty 10p	24#	......	—	—	—
225	190	Sungei Besi SM1	190	......	Q310c	1.1	36.8
185	95	Supreme Corp. SM1	100	......	gQ15½c	ϕ	3.5
118	100	Tanjong 15p	100	......	3.5	3.7	5.0
90	62	Tongkah H. Tin $Sm	62	......	Q23%	0.4	7.4
410	220	Tronoh SM1	220xd	−10	‡Q110c	1.2	‡

Copper

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	320	−5	†Q45c	4.7	8.0

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	35	Anglo-Dominion	40	......	—	—	—
25½	14	Burma Mines 10p	14	......	0.75	0.9	7.7
330	85	Colby Res. Corp.	135	......	—	—	—
330	200	Cons. Murch. 10c	270	......	†Q30c	1.8	6.4
10	6	††Explaura Gold	10	......	—	—	—
98	47	††Hemerdon 10c	47	......	—	—	—
180	65	Highwood Res.	100	+10	—	—	—
505	260	Northgate C$1	305	+5	—	—	—
633	372	R.T.Z.	474	......	16.0	2.3	4.9
£130½	£93½	Do. 9¼%Cv.Un.Ln.'95-2000	£106	......	Q9½%	—	f9.2
103	13	††SPO Minerals 10p	23	+1	—	—	—
47	20	Sabina Inds. C$1	20	......	—	—	—
44	21	††SWCM 10p	25	−1	—	—	—
585	465	Tara Expln. $1	560	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ *Interim since reduced, passed or deferred.*
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § *Forecast dividend; cover on earnings updated by latest interim statement.*
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▮ No par value.

ϕϕ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	Irish Stock	Price	+ or −
Albany Inv. 20p	40xd	......	Conv. 9% '80/82	£92	......
Bertrams	8	......	Nat. 9¾% 84/89	£68⅝	......
Bdg'wtr. Est. 50p	400xd	......	Fin. 13% 97/02	£72½	......
Craig & Rose £1	£13	......	Alliance Gas	48	−15
Finlay Pkg. 5p	21½xd	−1	Arnott	212	......
Graig Ship. £1	£17	−1	Carroll (P.J.)	74	......
Higsons Brew	63	......	Concrete Prods.	90	......
Holt (Jos) 25p	510xd	......	Heiton (Hldgs.)	26	......
I.O.M. Stm. £1	150	+2	Irish Ropes	42	......
Pearce (C. H.)	730	−10	Jacob	68	......
Peel Hldgs.	102	......	T.M.G.	16	+1
Sheff. Refrshmt	90	+5	Unidare	65	......
Sindall (Wm.)	190	−2			

OPTIONS

3-month Call Rates

Stock	Rate	Stock	Rate	Stock	Rate
Industrials		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	18	Vickers	16
BOC Intl.	11	"Imps"	5	Woolworths	5
B.S.R.	7	I.C.L.	4		
Babcock	9	Ladbroke	13	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	7
Beecham	17	Lex Service	10	Cap. Counties	[illegible]
Blue Circle	35	Lloyds Bank	28	Land Secs.	[illegible]
Boots	18	"Lofs"	3½	MEPC	[illegible]
Bowaters	19	London Brick	7	Peachey	[illegible]
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	[illegible]
B.A.T.	28	"Mams"	11	Town & City	2¼
Brown (J.)	8	Mrks. & Spncr	10		
Burton Ord.	12	Midland Bank	26	**Oils**	
Cadburys	8	N.E.I.	8	Brit. Petroleum	28
Courtaulds	5½	Nat. West. Bank	30	Burmah Oil	11
Debenhams	7	P & O Dfd.	10	Charterhall	6
Distillers	17	Plessey	26	KCA	12
Dunlop	7½	Racal Elect.	34	Premier	6
Eagle Star	25	R.H.M.	5	Shell	28
F.N.F.C.	3½	Rank Org. Ord.	18	Tricentrol	25
Gen. Accident	30	Reed Intnl.	25	Ultramar	40
Gen. Electric	55	Sears	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met.	16	Thorn EMI	30		
G.U.S. 'A'	44	Trust Houses	15	Charter Cons.	21
Guardian	30	Tube Invest.	18	Cons. Gold	40
G.K.N.	12	Turner & Newall	10	Lonrho	7
Hawker Sidd.	25	Unilever	50	Rio T. Zinc	46

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Wednesday October 7 1981

Prison reforms for Ulster

BY OUR BELFAST CORRESPONDENT

MR JAMES PRIOR, the Northern Ireland Secretary, unveiled a package of prison reforms yesterday under which prisoners will be allowed to wear their own clothes, and half the remission lost by protesters can be restored.

The changes came in response to the ending of the IRA hunger strikes at the weekend. Mr Prior said that there was no question of "a political or military system" in the prisons, or of any return to special category status.

It was time to heal the deep wounds and fresh divisions caused by the hunger strikes, both inside and outside the prison, and to help end the violence which prevented social, political and economic developments, he said.

Initial reaction from Mr Gerry Adams, vice-president of Provisional Sinn Fein, the political wing of the Provisional IRA, was cautious. He said the changes had been won by the efforts of the prisoners, but whether they were enough to end the prison protests remained to be seen.

The package covers the issues about which the prisoners have been protesting, but does not concede the five demands of the hunger-strikers. The Government has always said that granting those demands would amount to allowing political status.

The changes apply to all prisoners in Northern Ireland. As expected, they will be allowed their own clothing provided it does not resemble that of prison officers.

Until now prisoners who have lost remission as a penalty for protest action could have 20 per cent of it restored after conforming to the rules.

Under the new regulations the amount of lost remission restorable would be increased to a maximum of 50 per cent. The scheme applies only to past behaviour. Prisoners who in future lose remission for breaking the rules will not have it restored.

Mr Prior rejected demands on work and association between prisoners as "incompatible with a civil prison regime," but said some changes could be introduced.

A limited increase in association between prisoners in the so-called H-blocks at the Maze Prison near Belfast would be introduced. Physical changes would be needed in the blocks to ensure proper supervision, and these would take some weeks.

Mr Prior said: "We must never forget that while 10 young men have died tragically in the Maze Prison, many more people have died during the period of that strike as innocent victims of the violence outside. Our task is to stop the men who are causing that violence and to turn all our energies towards creating a better future."

Unionist politicians were angry at the speed and extent of the reforms, though the new rules on remission will not, as some feared, lead to early release of a large number of prisoners.

Radicals sweep to power in Solidarity

By Christopher Bobinski in Gdansk

RADICAL members of the Solidarity trade union yesterday swept to positions of power in the national leadership, weakening the authority of the moderate Mr Lech Walesa.

The increasing influence of the militants was also reflected in a draft programme for the union which called for a multi-party political system, free elections and union control over the economy.

Last night, with only five places still to be filled on Solidarity's 107-man policy-making national commission, few known moderates had been elected.

Delegates' support swung strongly behind figures like Mr Karol Modzelewski from Wroclaw and Mr Grzegorz Palka from Lodz. Both advocate maintaining pressure for reform on the ruling Communist authorities.

Mr Palka, for example, yesterday put forward a draft resolution demanding that the Government submit its economic policy to strict vetting by the union.

Among moderates arguing against him was a delegate from Warsaw.

"The resolution means that Solidarity would have to take power over the economy and I certainly have not been mandated to do that," he said.

The union's leadership may well find itself increasingly divided in future.

One of the fundamental divisions would lie between the moderates who recognise the realities of Poland's political and economic situation and the hard-liners eager to push for rapid, far-reaching changes.

The draft programme proposes that the union should poll its 10m membership on the crucial issue of price increases. Members will be asked if they favour gradual increases or one huge rise across the board.

The draft urges shifts in spending from long-term investments to current production and priority aid for private agriculture. Defence spending, during the crisis, would be reduced to an absolute minimum.

As the union's first national congress entered its 11th day, organisers began to worry about housing and feeding some 850 delegates, AP adds. Food was said to be running short, many delegates had come down with the flu and the skating rink inside the Olivia sports complex, where the congress is being held, was due to be frozen this week.

THE LEX COLUMN

Middle East back in the spotlight

The world's security markets reacted generally with caution and restraint in the immediate aftermath of President Sadat's assassination. Wall Street opened marginally lower in moderate trading, while just about all the declines in London took place in the early part of the day before the news broke. But gold bullion, which had fallen to $434 at one point in the day, jumped up to $450 by the close, and oil shares were marked up sharply in London and the U.S. Right against the general trend in the market, BP rose 8p to 298p, while Shell climbed 12p to 352p. This was the knee jerk response to the fact that—after a comparatively quiet few months—the Middle East has been thrown in the cruellest way back into the centre of the world's political arena.

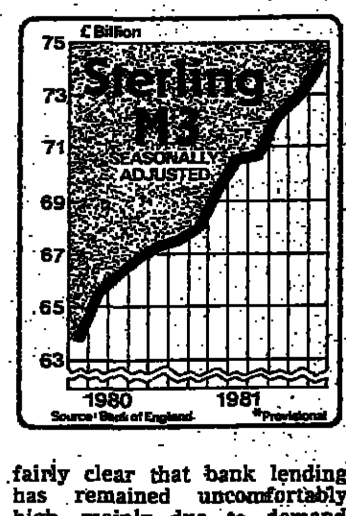
The foreign exchanges were more turbulent, and here too people were looking for bolt-holes. The dollar was very strong against just about everything, and sterling was firm against the continental currencies. Short term interest rates edged down a little further in New York, which means that the interest rate differential has swung back in sterling's favour. For the first time since November, three-month euro-sterling yields more than the eurodollar equivalent.

So for the moment, short term interest rates are not the overriding preoccupation that they have been in London since the summer. This has had a helpful impact on the gilt-edged market, where the Government Broker was at last able to get rid yesterday of the short tap which has been hanging around since early April. This was followed up with the announcement of three "mini-taps" totalling £750m, and the market seemed to take it all pretty well in its stride.

The impression is that there is no overwhelming pressure for the Government to get on with its funding programme. This is just as well, since yesterday's banking figures — in so far as they mean anything at all — are not particularly helpful. The Bank of England's estimate of a 2 per cent jump in adjusted sterling M3 in the month to mid-September has been affected by a radical change in the seasonal adjustment — from about £600m at the same time last year to £1.1bn — which dwarfs the unadjusted rise of about £400m. But this is chickenfeed compared with the distortions caused by the civil servants' dispute.

Underneath it all, it seems fairly clear that bank lending has remained uncomfortably high, mainly due to demand from the personal sector. The money stock remains way above target, and after seven months of the present period there is now virtually no room for further growth in the basic sterling M3 figure for the rest of the financial year. The hope must be that the rise in base rates will cool down the personal sector, but with distortions likely to continue in the figures for some months, the markets will have to fly blind for some time to come.

Index fell 15.4 to 475.0



Sears

Cash flow at Sears Holdings has been good enough to bring down interest charges despite the $100m acquisition of Butler Shoe. But the strength of its balance sheet has not defended Sears from slackness in almost all its main businesses and profits before tax are up only 3 per cent to £36m in the half year to July.

At the trading level, there would have been a slight decline but for the inclusion of Butler and loss elimination in building contracting. Engineering remains a disaster area, motor vehicles are well down and, even within the non-footwear retailing business, the record is very patchy. So, despite the depressed shoe market, footwear has again made the running. It accounts for 60 per cent of trading profits on little more than 30 per cent of turnover. *An increase in* market share has roughly compensated for the squeeze in margins.

The shares, which closed up ½p at 48p yesterday, were rerated earlier this year to a multiple worthy of a pure retailer. They have come back a long way since then and, assuming profits this year are little different from 1980-81 at around £90m before non-trading items, they now trade on about 10 times prospective fully-taxed earnings.

The Butler acquisition looks well-judged but Sears will clearly have to do something about its engineering interests if the shares are to return to favour.

Bejam

Bejam's results are somewhat disfigured by the £2.5m costs of withdrawal from fast food—some £0.6m being charged above the line—but they show satisfying enough progress in the group's main-line food and freezer business. Before tax (and provision for a new profit-sharing scheme) profits have advanced by an eighth to £[illegible].

Margins are very much what they were in 1980, once the adverse influence of the restaurants is taken out of the reckoning, while volumes have advanced by about 8 per cent in existing stores. Physical expansion was perhaps 15 per cent during the year.

At 128p the shares now stand on a fully-taxed p/e of 20, which in present market conditions they are looking comparatively exposed. Forecasts of £11m pre-tax for the current year bring the prospective multiple down to a more comfortable 17. But the tendency of larger food groups—Sainsbury, Asda—to incorporate increasingly ambitious freezer departments in their super-stores will soon make for stiffer competition.

Paribas

Paribas has used the occasion of its interim figures to boost the dividend by 28 per cent and underline the discrepancy between its reported net worth of FFr 608 per share and the Government's proposed compensation price of around FFr 220. Paribas shares have of course consistently traded at a hefty discount to net worth.

This is not really the issue. Roughly half of Paribas' investments are held overseas, as is the bulk of its banking associates. Wholesale nationalisation would not be in anyone's interests and the Bank of England would be unlikely to favour the French authorities holding a strategic stake in S. G. Warburg, which would be the theoretical result. The French Government appears to be treating foreign banks with kid gloves, however, and should take a similar line with the foreign investments of Paribas.

Williams ready to stand for Crosby

By Elinor Goodman, Lobby Correspondent

MRS SHIRLEY WILLIAMS yesterday took the plunge and announced her readiness to fight the safe Conservative seat of Crosby. Her decision came at the beginning of a day in which the SDP continued to add to its numbers at Westminster, and stepped up efforts to lure Conservative defectors in the wake of Mr Heath's attack on Mrs Thatcher.

Earlier in the week Mrs Williams had told Mr David Steel, the Liberal leader, and her colleagues in the SDP leadership of her intention to stand in Crosby. Her decision to launch herself on the campaign trail so soon slightly took the edge off the Liberals' delight.

Nevertheless, the Liberals' own candidate agreed to step down for Mrs Williams in the interests of the SDP-Liberal alliance.

On the face of it, Crosby, with a Tory majority of 19,274, will be a difficult seat for the SDP but some of the party's strategists say that Mrs Williams has a reasonable chance of winning.

The 950 SDP members *gathered in Bradford for the* third day of the party's conference gave Mrs Williams a standing ovation when she had announced her decision. It means that she is now back on an equal footing with Mr Roy Jenkins in terms of her claim to lead the party once elections are held.

Mr Jenkins's standing in the party was dramatically increased by his decision to fight what looked like the hopeless seat of Warrington while Mrs Williams's reputation suffered because of her prevarication over Warrington and then over the by-election in Croydon.

She seems to have been stung by this criticism and was determined to jump in this time and prove that she was not frightened of a fight, Mrs Williams, who until then had been regarded as Labour's biggest electoral asset, lost her seat as a Labour MP at the last election, and had seemed reluctant to risk her reputation by fighting an "unwinnable" seat for the SDP.

The election, caused by the death last week of Sir Graham Page, will be the first test of the SDP's ability to break into a Conservative stronghold.

Yesterday the party moved quickly to reassure house-owners that the party had moved away from its earlier thinking on tax allowances, and was no longer in favour of the idea of abolishing mortgage relief.

The third day of the conference began, as the two previous days had done, with news that another Labour MP was joining the party.

Mr David Ginsburg, the Labour MP for Dewsbury, became the party's 19th MP while Mr Tom McNally, former adviser to Mr James Callaghan, was last night expected to start talks shortly with Social Democrats in his constituency of Stockport South about the possibility of standing for them at the next election, making him the fourth Labour MP to quit the Labour Party since the deputy leadership contest.

He is expected to be followed by at least one more Labour MP. If this happens Mr Benn will be able to claim that Mr Healey's margin of victory has been totally eroded.

Meanwhile, yesterday, the SDP leadership was stepping up its efforts to woo Tory MPs, encouraged by Mr Heath's attack on Mrs Thatcher. Mr Christopher Brocklebank-Fowler, the one Conservative MP to join the new party, said that there were as many as six potential SDP MPs on the Tory side.

Conference report, Page 10

Government steps in to bolster unsettled gilts

BY DAVID MARSH

THE GOVERNMENT took action yesterday to keep up its borrowing programme on a gilt-edged market unsettled by news of President Sadat's death and a 2 per cent jump in the money supply last month.

In a bid to avoid over-taxing the market in its present fragile state, the Bank of England is maintaining its halt on new conventional gilt-edged issues. But it is making available for sale from Thursday a total of £750m of existing Treasury stocks to cover public borrowing needs which are still being inflated by the effects of the civil servants' dispute.

Announcement of the new step in the funding programme followed yesterday afternoon's statement from the Bank that the widely defined money supply, sterling M3, rose by a provisional 2 per cent, seasonally adjusted, in the September banking month.

This compares with a 1.1 per cent increase in August. The rise, which was at the upper end of City expectations, takes the rise in sterling M3 in the first seven months of the Government's latest target period to 19 per cent at an annual rate roughly double the official goal of 6 to 10 per cent.

As the Government had already warned, the money supply was boosted last month by larger than normal central government borrowing in the aftermath of the civil servants' dispute, which ended in July.

The Government paid out during the banking month rather more in value added tax refunds held up by the dispute than it received in similarly-delayed VAT payments. This added a net £500m to £750m to central government borrowing, the Bank said.

But the money supply was also boosted by a continuation of fairly heavy bank lending to the private sector. Officials say that this buoyant demand for credit—somewhat surprising given the subdued state of the economy—contributed to last month's upward pressure on interest rates and also helps explain why the Government has not opposed the 4 per cent rise in banks' base rates.

The October banking month is expected to be even more distorted by VAT refunds, which will push up central government borrowing by about a net £2bn. Thereafter, the Treasury hopes that heavy tax reflows to the Exchequer will bring about the money supply reductions needed to bring sterling M3 growth closer in line with target.

The existing issues which will be made available by the Bank are £250m each of 12 per cent Treasury 1987, 12½ per cent Treasury Loan 1992, and 14 per cent Treasury stock 1998-2001.

Resort to this flexible funding alternative shows that the Bank and Treasury have not yet decided whether to issue a new indexed-linked stock, which has been rumoured on the gilt market in recent months.

Long-dated stocks finished yesterday £½ to £1 lower compared with Monday, losing earlier gains of £½ after the money supply news and President Sadat's assassination.

Need for the additional tranches of stock arose after the exhaustion yesterday morning of the remaining supplies of the existing short term tap stock, Treasury 11½ per cent 1985. About £100m to £150m of the stock was thought to have been left after some was sold on Monday, marking the resumption of the Government's funding programme after a lull of several weeks.

The stock was sold out yesterday at £87—compared with the issue price of £96.5 per cent when it went on offer in April.

On Monday the market firmed on hopes of lower U.S. interest rates. But potentially disconcerting news for gilts dealers yesterday was a statement by the London clearing banks that their underlying increase in lending to the private sector was about £500m last month, mainly due to personal sector demand for housing finance.

Inflation cure will take time, Page 7

Miners to be offered 6-8% rise

BY CHRISTIAN TYLER, LABOUR EDITOR

THE National Coal Board is set to make an opening wage offer to the miners worth between 6 and 8 per cent on basic pay rates. At this level, the offer would be well in excess of the 4 per cent guideline set by the Government for the public sector.

Negotiators for the National Union of Mineworkers were given a broad idea of the offer during what Mr Joe Gormley, retiring president of the union, described as "a preliminary canter" round the subject at NCB headquarters yesterday.

Moderates in the union hope to nudge the offer up to double percentage figures after the next meeting in a fortnight. At this level they would expect to see a deal accepted by a pithead vote of the miners close to the November 1 settlement date.

But the left was already describing the board's outline offer as derisory. If the global sums discussed yesterday were taken all in cash and spread evenly across the industry, they would amount to a wage rise of £6.50 a week. This compares with existing basic rates ranging from £80.85 to £111.95 a week for miners. Average earnings are said to be about £143 a week including bonus.

The importance of the miners' negotiations is that they shape the expectations of workers in most of the other nationalised industries and some outside, too. This year, they are especially important, since they come early in the winter wage round.

The Government has announced well in advance a cash limit on pay for the public services—health, education and local government — of 4 per cent. Although this limit does not apply directly to the nationalised industries, it is intended by the Treasury to act as a guide. In private industry, deals of under 4 per cent are being sought.

The board's formal offer to the miners will be made on October 19 in reply to a claim for a minimum wage of £100 a week, paid as a salary. This represents an increase of nearly 25 per cent.

The union is also asking for a four-day week, a better spread of wage differentials and protection of earnings for underground workers forced by age or ill-health to take lower-paid jobs on the surface.

Setting out the state of the industry yesterday, the board said it had £120m earmarked to meet all wage increases and wage costs in the coming year. The miners' share of that would be £71m for wages and £14m for non-wage costs. Each £1 a week basic wage increase would cost the board £18.4m, the union was told.

Feature, Page 24

Weather

UK TODAY

COLD with blustery showers and some longer periods of rain.

London, SE, S and Central England
Bright at first with scattered showers later. Max 13C (55F).

Wales, SW England, Channel Islands, Central Scotland and N Ireland
Frequent showers and winds strong to gale force. Max 12C (54F).

Borders, E Scotland and NE England
Showers with bright intervals. Max 12C (54F).

N Scotland, Orkney, Shetland, W Scotland
Heavy rain or showers. Max 10C (50F).

Outlook: Continuing cold and unsettled, but warmer in the South.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	28	82	L. Ang.†	C	16	61
Algiers	S	30	86	Luxmbg.	C	16	61
Amsdm.	C	15	59	Luxor	S	39	102
Athens	S	29	84	Madrid	F	20	68
Bahrain		—	—	Majorca	S	25	77
Barclna.	S	24	75	Malaga	F	24	75
Beirut	S	26	79	Malta	S	29	84
Belfast	R	7	45	M'chstr.	R	11	52
Belgrd.	S	25	77	Melbne.		—	—
Berlin	F	19	66	Mx. C †		—	—
Biarritz	F	24	75	Miami†	C	23	73
Bmghm.	C	19	57	Milan	C	17	63
Blackpl.	R	10	50	Montrl.†	C	6	43
Bordx.	S	24	75	Moscow	F	11	52
Boulgn.	C	14	57	Munich	S	24	75
Bristol	C	16	61	Nairobi		—	—
Brussels	R	15	59	Naples	S	26	79
Budpst.	F	22	72	Nassau		—	—
Cairo		—	—	Nwcstl.	C	12	59
Cardiff	R	14	57	N York†	C	16	61
Cas'b'ca	F	23	73	Nice	F	23	73
Cape T.		—	—	Nicosia		—	—
Chicg.†	C	13	55	Oporto	C	18	64
Cologne	R	15	59	Oslo	S	12	54
Cpnhgn.	F	14	57	Paris	F	20	68
Corfu	S	27	81	Perth		—	—
Denver†	C	8	46	Prague	F	20	68
Dublin	R	9	48	Rvkjvk.	C	2	36
Dbrvnk.	S	24	75	Rhodes	S	27	81
Ednbgh.	C	10	50	Rio J'o†		—	—
Faro	F	22	72	Rome	S	27	81
Florence		—	—	Salzbrg.	S	24	75
Frankft.	C	18	64	S'cisco†	C	11	52
Funchal	F	20	68	S. Mritz.		—	—
Geneva	F	22	72	Singapr.		—	—
Gibrltr.	C	21	70	S'tiago†		—	—
Gl'sg'w	C	10	50	Stckhm	S	13	55
G'rnsey	R	14	57	Strasbg.	F	18	64
Helsinki	S	13	55	Sydney		—	—
H. Kong		—	—	Tangier	C	23	73
Innsbrk.	S	23	75	Tel Aviv	S	27	81
Invrnss.	C	6	43	Tenerife	Dr	19	66
I.o.Man		—	—	Tokyo		—	—
Istanbul	S	25	77	T'r'nto†	R	11	52
Jersey	T	13	55	Tunis	S	31	88
Jo'burg		—	—	Valencia	S	27	81
L. Plms.	S	24	75	Venice	F	21	70
Lisbon	F	20	68	Vienna	C	16	61
Locarno	C	16	61	Warsaw	S	19	66
London	C	16	61	Zurich	S	20	68

M/C 27—FRANK — — — —
C—Cloudy. Dr—Drizzle. F—Fair. R—Rain. S—Sunny. T—Thunder.
†Noon GMT temperatures.

Thatcher and Heath

Continued from Page 1

the EEC, starting with Britain joining the European Monetary System, as a first step to resisting U.S. economic and financial domination.

It urges tighter control over the Eurocurrency markets, reimposition of exchange controls, and a programme of selective capital investment by government. It also calls for a massive training and re-training programme.

Warned in Melbourne of what Mr Heath would say, Mrs Thatcher departed from a carefully prepared speech on her ideals to attack consensus as "the process of avoiding the very issues that have to be solved." She said she pleaded guilty to the charge of pursuing policies of conviction.

Five days ago in Melbourne she rejected calls to reflate the British economy with the words: "I can only say that to print the more to buy the votes would be a cynically dishonourable and short-sighted policy. I will not do it."

Mrs Thatcher chose the opportunity of the lecture at Monash University outside Melbourne to rebut Mr Heath's arguments.

Trouble had been expected at the university and on arrival there last night she was greeted by 500 policemen and as many demonstrators — supporters of the IRA, socialists, students, aborigines and foreigners complaining at British university fees. They chanted slogans such as "Brixton" and "Thatcher out."

She arrived escorted by 11 policewomen on horses. Violence had been feared but the only incidents from a student body — which not long ago locked Mr Malcolm Fraser, the Australian Prime Minister, in the lavatory there — was an egg thrown at Mrs Thatcher's car and later a short-lived attack on the car of Mr Bernard Ingham, her press secretary.

Sadat killing

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dent Sadat's private secretary and photographer were known to have been killed. But the Egyptian chief-of-staff, Major Gen Abd-Rabb el-Nabi Hafez and Mr Sayed Marei, a long-standing senior adviser, were believed to have been seriously wounded. Among the 20 or so other injured were the Belgian ambassador, Sudanese and Omani diplomats, three American military officers, and the senior Moslem official, Sheikh al-Azhar, and Bishop Samweil, the leading Coptic official present.

In Cairo troops and police have sealed off the television and radio building by the Nile, and the People's Assembly and Cabinet Office.

Before the official announcement of the Presidents death, people were moving around on the streets doing last-minute shopping before the Courban Bairam, the largest feast on the Moslem calendar, which starts on Thursday.

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